EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL TRUST FUNDS FINANCIAL STATEMENTS

and

SUPPLEMENTARY RESTORATION PROJECTS INFORMATION
Fiscal Year Ended September 30, 1996
TOGETHER WITH INDEPENDENT AUDITORS' REPORT



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TRUST FUNDS FINANCIAL STATEMENTS and SUPPLEMENTARY RESTORATION PROJECTS INFORMATION

Fiscal Year Ended September 30, 1996

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Trust Funds Statements

9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

INDEPENDENT AUDITORS' REPORT

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

We have audited the financial statements of the Exxon Valdez Oil Spill Trustee Council, Trust Funds as of and for the year ended September 30, 1996, as listed in the accompanying table of contents. These financial statements are the responsibility of the Exxon Valdez Oil Spill Trustee Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial presentation for the Court Registry Investment System (CRIS), Exxon Valdez Oil Spill Settlement Account (Joint Trust Account) is of this account only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R) is of the amounts related to the *Exxon Valdez* Oil Spill Trustee Council only and is not intended to present the financial position of NRDA&R or the U.S. Department of Interior Fish and Wildlife Service and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the State of Alaska, Exxon Valdez Oil Spill Settlement Trust (Settlement Trust) is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

As discussed in Note 2, the financial statements for the Joint Trust Account and NRDA&R are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Joint Trust Account and NRDA&R and the financial position of the Settlement Trust as of and for the year ended September 30, 1996, and the results of their operations for the year then ended on the basis of accounting described in Note 2 for the Joint Trust Account and NRDA&R, and in conformity with generally accepted accounting principles for the Settlement Trust.

In accordance with Government Auditing Standards, we have also issued reports dated January 23, 1997 on our consideration of the Exxon Valdez Oil Spill Trustee Council, Trust Funds' internal control structure and a report dated January 23, 1997 on their compliance with laws and regulations, as listed in the table of contents.

Elou. Relibeld & ful

January 23, 1997

UNITED STATE DISTRICT COURT - FIFTH CIRCUIT COURT REGISTRY INVESTMENT SYSTEM EXXON VALDEZ OIL SPILL SETTLEMENT ACCOUNT

STATEMENT OF ASSETS, LIABILITIES AND JOINT TRUST ACCOUNT BALANCE ARISING FROM CASH TRANSACTIONS

September 30, 1996.

ASSETS:

Cash and Investments	_\$_	112,885,654
Total Assets	\$	112,885,654
LIABILITIES AND JOINT TRUST ACCOUNT BALANCE:		
Liabilities	\$	-
Joint Trust Account Balance - Liquidity Account		76,889,483
Joint Trust Account Balance - Reserve Account	*****	35,996,171
Total Liabilities and Joint Trust Account Balance	_\$_	112,885,654

UNITED STATE DISTRICT COURT - FIFTH CIRCUIT COURT REGISTRY INVESTMENT SYSTEM EXXON VALDEZ OIL SPILL SETTLEMENT ACCOUNT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN JOINT TRUST ACCOUNT BALANCE For the Fiscal Year Ended September 30, 1996

Receipts:	
Receipts	\$ 66,708,554
Investment Income - Liquidity Account	3,887,123
Investment Income - Reserve Account	_
Total Receipts	70,595,677
10001100011100	 70,373,077
Disbursements:	
State of Alaska, Exxon Valdez Settlement Trust:	
Fiscal 1996 Natural Resource Damage Assessment	
and Restoration Projects	(2,468,898)
Fiscal 1997 Natural Resource Damage Assessment	
and Restoration Projects	(9,906,619)
Land Acquisition Disbursements	(18,509,433)
Research Infrastructure Improvement Disbursements	 (12,456,000)
Total Disbursements to State of Alaska	 (43,340,950)
U.S. Department of Interior, Natural Resources Damage	
Assessement and Restoration Fund:	
Fiscal 1996 Natural Resource Damage Assessment	
and Restoration Projects	(3,850,224)
Fiscal 1997 Natural Resource Damage Assessment	() , , ,
and Restoration Projects	(6,663,400)
Land Acquisition Disbursements	 (20,534,200)
Total Disbursements to United States	 (31,047,824)
Court Registry Fees	 (388,772)
Total Disbursements	(74,777,546)
Deficiency of Receipts Over Disbursements	(4,181,869)
Joint Trust Account Balance, Beginning of Year	 117,067,523
Joint Trust Account Balance, End of Year	\$ 112,885,654

UNITED STATE DEPARTMENT OF THE INTERIOR, FISH AND WILDLIFE SERVICE NATURAL RESOURCES DAMAGE ASSESSMENT AND RESTORATION FUND

STATEMENT OF ASSETS, LIABILITIES AND TRUST FUND BALANCE ARISING FROM CASH TRANSACTIONS September 30, 1996

ASSETS:	A	S	S	E'	T	S	:
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Cash and Investments	\$ 7,791,910
Total Assets	\$ 7,791,910
LIABILITIES AND FUND BALANCE:	
Liabilities	\$ -
Trust Fund Balance	 7,791,910
Total Liabilities and Trust Fund Balance	\$ 7,791,910

UNITED STATE DEPARTMENT OF THE INTERIOR, FISH AND WILDLIFE SERVICE NATURAL RESOURCES DAMAGE ASSESSMENT AND RESTORATION FUND

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN TRUST FUND BALANCE For the Fiscal Year Ended September 30, 1996

Receipts:		
Contributions - Court Registry Investment System, Joint Trust Account	\$	31,047,824
Investment Income		206,258
Total Receipts		31,254,082
Disbursements:		
U.S. Department of Interior: Fish and Wildlife Service National Biological Service National Park Service Office of the Secretary U.S. Department of Agriculture, United States Forest Service U.S. Department of Commerce, National Oceanic and Atmospheric Administration		(22,133,000) (1,418,700) (81,700) (61,900) (3,067,000) (3,931,300)
Total Disbursements		(30,693,600)
Excess of Revenues Over Expenditures		560,482
Trust Fund Balance, Beginning of Year		7,231,428
Trust Fund Balance, End of Year	_\$_	7,791,910

STATE OF ALASKA - EXXON VALDEZ OIL SPILL SETTLEMENT TRUST

BALANCE SHEET September 30, 1996

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Cash and Investments		_\$	42,130,502
Total Assets		\$	42,130,502
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable		\$	3,937,523
Deferred Revenues			10,196,019
Total Liabilities			14,133,542
Fund Balances:			
Reserved for Encumbrances			20,708,598
Unreserved			7,288,362
Total Fund Balances			27,996,960
Total Liabilities and Fund Balances	•	\$	42,130,502

STATE OF ALASKA - EXXON VALDEZ OIL SPILL SETTLEMENT TRUST

STATEMENT OF REVENUES , EXPENDITURES AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended September 30, 1996

Revenues:	
Contributions - Court Registry Investment	
System, Joint Trust Account	\$ 55,508,647
Interest and Investment Income	 1,673,683
Total Revenues	 57,182,330
Expenditures:	
Current Operating:	
Natural Resources Damage Assessment	
and Restoration Projects	
Department of Fish and Game	(12,752,869)
Department of Environmental Conservation	(455,496)
Department of Natural Resources	 (1,618,827)
Total Current Operating	(14,827,192)
Capital Outlay:	
Research Infrastructure Improvements - Alaska	
Department of Fish & Game	(5,711,366)
Land Acquisitions - Alaska Department of	
Natural Resources	 (18,249,433)
Total Expenditures	 (38,787,991)
Excess of Revenues Over Expenditures	18,394,339
Fund Balances, Beginning of Year	 9,602,621
Fund Balances, End of Year	\$ 27,996,960

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

1. EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

Formation of the Exxon Valdez Oil Spill Trustee Council

The United States of America (United States) and the State of Alaska (State) entered into a Memorandum of Agreement and Consent Decree (MOA) on August 28, 1991. The MOA was made to maximize the funds available for restoration of natural resources and to resolve the governments' claims against one another relating to the T/V Exxon Valdez Oil Spill (Oil Spill), which occurred on the night of March 23-24, 1989 in Prince William Sound, Alaska. Upon entering into the MOA, the United States and the State believed that the terms of the MOA were in the public interest and would best enable them to fulfill their duties as trustees to assess injuries and to restore, replace, rehabilitate, enhance, or acquire the equivalent of the natural resources injured, lost, or destroyed as a result of the Oil Spill.

Pursuant to the MOA and federal laws, the United States and State act as co-trustees in the collection and joint use of all natural resource damage recoveries for the benefit of natural resources injured, lost or destroyed as a result of the Oil Spill. To manage the co-trustee relationship, the Exxon Valdez Oil Spill Trustee Council (Council) was formed.

Exxon Valdez Oil Spill Trustee Council Structure

The Council consists of six trustees, three trustees represent the United States and three trustees represent the State. The United States' trustees are the Secretaries of the United States Departments of Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (a bureau of the United States Department of Commerce). The State's trustees consist of the Commissioners of the State Departments of Environmental Conservation and Fish and Game, and the Attorney General of the State of Alaska. The MOA allows the President of the United States or the Governor of the State of Alaska to transfer trustee status from one official to another official of their respective governments.

All decisions of the Council must be made by the unanimous agreement of the trustees. The decisions of the United States' trustees must be made in consultation with the United States Environmental Protection Agency. If the trustees cannot reach unanimous consent, either the United States or the State may resort to litigation in the United States District Court for the District of Alaska (Court).

Restoration Office

The Council has established a Restoration Office which is responsible for the coordination and supervision of the activities of the Council. The Restoration Office is managed by an Executive Director who reports directly to the Council. Since the Council exists through the MOA, it and the Restoration Office operate within the framework of the Trustee Agencies. During fiscal 1996, all activities of the Restoration Office were conducted through the Alaska State Departments of Fish and Game and Natural Resources. In addition, The National Oceanic and Atmospheric Administration administered certain parts of the Restoration Office's activities.

The Restoration Office develops an annual budget which, upon approval by the Council, sets forth the anticipated expenditures of the Restoration Office. The Council makes an annual contribution to the State agencies equal to the budget for the Restoration Office. The contributions are made using the disbursements procedures discussed in Note 6.

Termination of the Exxon Valdez Oil Spill Trustee Council

The MOA shall terminate when the United States and the State certify to the Court, or when the Court determines on application by either government, that all activities contemplated under the MOA have been completed.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Joint Trust Account - Court Registry Investment System

As further discussed in Note 5, amounts paid by Exxon Corporation are made directly to the United States and the State for reimbursement of certain costs incurred by them in connection with the Oil Spill. In accordance with the MOA and as ordered by the presiding Court, money that is not directly paid to the United States and the State is placed in an interest-bearing account in the Court Registry Investment System (CRIS) administered through the United States District Court for the Southern District of Texas. In addition, an account entitled "Exxon Valdez Oil Spill Settlement Account" (Joint Trust Account) was established in CRIS specifically for the Exxon settlement proceeds.

CRIS is a cash management system developed by the United States District Court for the Southern District of Texas. All amounts placed with the CRIS liquidity account are maintained in United States government treasury securities with maturities of 100 days or less, and are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. Amounts placed with the CRIS reserve fund are maintained in United States government treasury securities with maturity dates ranging from fiscal 1997 through fiscal 2002, and are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. The financial presentation for the Joint Trust Account is of the Joint Trust Account only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations.

Upon unanimous approval of the Trustee Council, funds are disbursed to the United States and the State to be expended by the Trustee Agencies in accordance with the Council's wishes. The accompanying financial statements for the Joint Trust Account reflect the intent of the disbursements as to natural resource damage assessment and restoration, or the acquisition of land or research infrastructure improvements to further protect the natural resources. The financial statements also reflect the fiscal year which the disbursements are to be expended by the Trustee Agencies.

As allowed under 28 USC 1913, 1914 (b) and 1930(b), the Clerk of the Court for the United States Courts is allowed to charge a registry fee for administering investment holdings of funds held in their registry accounts. During the year ended December 31, 1996, the registry fee charged to the Joint Trust Account was 10 percent of investment income. In addition, CRIS has entered into a contract with a Houston, Texas based financial institution to provide investment advisory information, securities trading services, and accounting services at a fee of .025 percent added to the cost of securities purchased by CRIS. On October 8, 1996, the United States, on behalf of the natural resource trustees applied to the court for restoration of the court registry fees assessed against the Exxon Valdez Oil Spill Settlement Account and for an order waiving such fees in the future.

U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund

Disbursements which are made from the Joint Trust Account to the United States are deposited in the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R). NRDA&R was established pursuant to Public Law 102-154, and is administered by the U.S. Department of Interior, Fish and Wildlife Service. It is a trust fund which was established to hold natural resources damage assessment and restoration settlement proceeds of the United States Government. Public Law 120-229 requires that federal proceeds from the Agreement and Consent Decree (see additional discussion in Note 4) be deposited in NRDA&R, and that all interest earned on these proceeds be available to the Federal Trustees for necessary expenses for assessment and restoration of areas affected by the Oil Spill. Public Law 120-229 also calls for amounts in NRDA&R to be invested by the U.S. Secretary of the Treasury in interest bearing obligations of the United States.

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EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disbursements from NRDA&R are made pursuant to the directions of the Council and as approved by the Court. At the beginning of each fiscal year, the Department of Interior, Fish and Wildlife Service communicates with each of the United States Trustee Agencies to determine the timing of disbursements from NRDA&R to each Federal Trustee Agency. Investments are purchased in order to earn interest on available balances within NRDA&R, and with scheduled maturity dates coincident with the scheduled date of disbursement.

The financial presentation for NRDA&R is of the amounts related to the Council only and is not intended to present the financial position of NRDA&R or the Department of Interior, Fish and Wildlife Service and the results of their operations.

State of Alaska, Exxon Valdez Oil Spill Settlement Trust

Disbursements which are made from the Joint Trust Account to the State are deposited in the State of Alaska, Exxon Valdez Oil Spill Settlement Trust (Settlement Trust). The Settlement Trust is established pursuant to AS 37.14.400. Pursuant to State law a state agency may not expend money from the Settlement Trust unless the expenditure is in accordance with an appropriation made by law. Expenditures of funds are made upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain.

The Settlement Trust is an expendable trust fund of the State. Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the fund's designated operations.

Upon approval by the Council, the Court, and the State of Alaska, Trustee Agencies make expenditures directly against the Settlement Trust.

The financial presentation for the Settlement Trust is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

Basis of Accounting

Basis of accounting refers to when revenues, expenditures and the related assets and liabilities are recorded in the accounts and financial statements. Specifically, it relates to the timing of the financial measurements made, regardless of the measurement focus applied.

The basis of accounting used by the Joint Trust Account, NRDA&R and the Settlement Trust are as follows:

<u>Joint Trust Account</u> - The financial statements of the Joint Trust Account are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.

NRDA&R - The financial statements of NRDA&R are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.

<u>Settlement Trust</u> - The financial statements of the Settlement Fund are accounted for using a current financial resources measurement focus on the modified accrual basis. The Settlement Fund recognizes revenues when the source is measurable and available, and intended for the fiscal year. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Assets are recorded when measurable and due.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures are recorded when the related liability is incurred. Encumbrance accounting, under which purchase orders and contracts for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary integration of the Settlement Trust. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Interest and investment income is allocated to the Settlement Trust as agreed to under a Memorandum of Understanding (MOU) by and between the State Departments of Revenue and Administration effective July 1, 1993. Under the MOU, interest is credited daily to the Settlement Trust by determining the Settlement Trust's daily cash balance and applying the current weekly 180 day Treasury Bill Rates based on the Treasury Bill auctions.

Statement Presentation

Separate balance sheets and statements of receipts and disbursements or revenues and expenditures are presented for each of the Joint Trust Account, NRDA&R and the Settlement Trust. This is due to the fact that ownership of the Trust Funds rests separately with each of the U.S. District Court, U.S. Department of Interior, Fish and Wildlife Service and the State of Alaska, and the different bases of accounting used by the Trust Funds.

Accounts Pavable and Deferred Revenue - Settlement Trust

Accounts payable in the Settlement Trust financial statements include disbursements made against the Settlement Trust subsequent to September 30, 1996, which relate to fiscal 1996 restoration activities.

Deferred Revenues in the Settlement Trust financial statements include amounts received or receivable at September 30, 1996, which are to be expended by the State in fiscal 1997.

3. CASH AND INVESTMENTS

Cash and investments for the Joint Trust Account, NRDA&R and the Settlement Trust are as follows:

Joint Trust Account - All deposits and investments of the Joint Trust Account are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. At September 30, 1996, the balances held in the CRIS liquidity account are held in U.S. Treasury Bills with maturities less than 100 days, and the balances held in the CRIS reserve fund are held in U.S. Treasury Bills with maturity dates on November 15, in each year from 1997 through 2002. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of CRIS's investments and deposits in GASB credit risk category 1 *.

NRDA&R - All cash and investments of NRDA&R are held in the name of the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund at the U.S. Department of the Treasury. At September 30, 1996, substantially all balances are held in U.S. Treasury Bills with maturities ranging from 30 to 300 days. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of NRDA&R's investments and deposits in GASB credit risk category 1 *.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

3. CASH AND INVESTMENTS (Continued)

Settlement Trust - Cash and Investments of the Settlement Trust represent cash on deposit in banks, and cash invested in various investments as a part of the State's short-term cash management pools. By law, all deposits and investments relating to the Settlement Trust are under the control of the Commissioner of the State Department of Revenue. The State's cash is invested pursuant to State laws which mandate that investments shall be made with the judgment and care exercised by an institutional investor of ordinary professional prudence, discretion and intelligence. All deposits are insured or collateralized with securities held by the State or by its custodian in its name. All investments are insured or registered in the State's name and are held by the State or its custodian. This places all of the State's General Investment Funds deposits and investments, of which the Settlement Trust cash and investments are a part, in GASB credit risk category 1 *.

* GASB Statement No. 3 requires deposits and investments to be categorized to indicate the level of risk assumed by an entity. For investments, category 1 consists of investments that are insured or registered for which the securities are held by the entity or its custodian in the entity's name, category 2 consists of uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the entity's name, and category 3 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent not in the entity's name.

4. CONTRIBUTIONS BY EXXON CORPORATION

Agreement and Consent Decree

On October 8, 1991, the United States, the State, Exxon Corporation (Exxon) and Exxon Shipping Company, and Exxon Pipeline Company entered into an Agreement and Consent Decree (Agreement). The Agreement principally stipulates that Exxon make certain payments, and that all parties release and covenant not to sue or to file any administrative claim against the other parties or specifically identified third parties. Pursuant to the Agreement Exxon is to pay the United States and the State a total of \$900 million as follows:

Date Payment Due		Amount
Ten days after the Agreement	\$	90,000,000
became effective		
December 1, 1992		150,000,000
September 1, 1993		100,000,000
September 1, 1994		70,000,000
September 1, 1995		70,000,000
September 1, 1996		70,000,000
September 1, 1997		70,000,000
September 1, 1998		70,000,000
September 1, 1999		70,000,000
September 1, 2000		70,000,000
September 1, 2001		70,000,000
•	<u>\$</u>	900,000,000

During fiscal 1996, Exxon Corporation made the contribution to the Joint Trust Account as required by the Agreement. As further discussed in Note 5, \$3,291,446 of the \$70,000,000 contribution was paid directly to the State of Alaska. The balance of \$66,708,554 was placed with the Joint Trust Account.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

4. CONTRIBUTIONS BY EXXON CORPORATION (Continued)

Reopener for Unknown Injury

In addition to the payment terms discussed above, the Agreement also has a reopener provision that allows the governments to claim an additional \$100 million from Exxon between September 1, 2002, and September 1, 2006, as required for the performance of restoration projects in Prince William Sound and other areas affected by the Oil Spill to restore one or more populations, habitats, or species which, as a result of the Oil Spill, suffered substantial loss or substantial decline in the areas affected by the Oil Spill.

The cost of the restoration projects must not be grossly disproportionate to the magnitude of the benefits obtained, and the reopener is available only for any losses or declines that could not reasonably have been known or anticipated from information available at the time of the Agreement.

5. REIMBURSEMENTS TO THE UNITED STATES AND THE STATE

Under the terms of the Agreement, certain amounts paid by Exxon are to be made directly to the United States and the State. These payments are to be used solely to reimburse them for the following purposes:

- 1. Response and clean-up costs incurred by either of them on or before December 31, 1990 in connection with the Oil Spill;
- 2. Natural resource damages assessment costs incurred by either of them on or before March 12, 1991 in connection with the Oil Spill;
- 3. (State only) Attorneys fees, experts' fees, and other costs incurred by the State on or before March 12, 1991 in connection with litigation arising from the Oil Spill;
- 4. Response and clean-up costs incurred by either of them after December 31, 1990 in connection with the Oil Spill;
- 5. To assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services after March 12, 1991; and
- 6. (State only) Reasonable litigation costs incurred by the State after March 12, 1991.

The agreement states that the amounts to be reimbursed to the United States for items one and two above are not to exceed \$67 million. The amounts to be reimbursed to the State for items one, two and three above are not to exceed \$75 million. The agreement does not place a cap on items four and five. The amounts paid to the State for item six above are not to exceed \$1 million per month.

During fiscal 1996, \$3,291,446 was paid to the State of Alaska as a reimbursement pursuant to the Agreement. There were no other reimbursements made to the United States or the State during fiscal 1996 under the Agreement.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT

Approved Payment Uses

Under the terms of the MOA, amounts paid by Exxon, excluding the reimbursements discussed in the preceding Note, are deposited into the Joint Trust Account. These payments are to be used solely to assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services.

Project Approval

The Council has developed a solicitation and review process for projects to address the purposes stated above. The outcome of the process is the development of a fiscal year Work Plan which approves the funding for all projects to be conducted during the fiscal year. For the fiscal year ending September 30, 1996, the following project solicitation and review process was used by the Council:

- 1. In March 1995, the Council published an *Invitation to Submit Restoration Projects for Fiscal Year 1996*. As part of the Invitation requirements, proposers developed and submitted detailed project descriptions and project budgets for review. The Council's Chief Scientist coordinated a preliminary scientific and technical review of the projects. The projects were also reviewed by the Council's Executive Director, Federal and State agency staff, and representatives of the Public Advisory Group (the Public Advisory Group consists of members of the public and concerned groups and was appointed by the Council in accordance with the MOA to help provide meaningful public participation in the injury assessment and restoration process).
- 2. In late June, all proposals and the results of the reviews were published in the *Draft Fiscal Year* 1996 Work Plan. The public comment period on the draft closed August 4, 1995.
- 3. During the public review period, the Public Advisory Group reviewed the draft work plan at a meeting in late July. In addition to the public review many proposals underwent further technical, budget, policy, and legal review.
- 4: The majority of approved projects, received interim funding from the Council in August 1995. Additionally, projects that required further technical review received funding in August 1995.
- 5. In December 1995, the Council made final project approval. The approved projects were published in the Fiscal Year 1996 Work Plan.

In addition to the process outlined above, the Council has also identified and acquired several tracts of land as permitted by the MOA. The land acquisition support costs are funded through the Work Plan, and all land acquisitions are separately approved by the Council.

Interest Income Recovery - NRDA&R and the Settlement Trust

The governments are to report to the Council the amount of interest earned on net available balances in NRDA&R and the Settlement Trust. The Council then recovers the interest reported by reducing subsequent disbursements from the Joint Trust Fund for future projects. During fiscal 1996, disbursements to the United States and the State were reduced by \$222,042 and \$1,436,335 for such interest earnings, respectively.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT (Continued)

Unobligated Balance Recovery - NRDA&R and the Settlement Trust

Actual project costs are frequently less than the original project budgets. When this occurs, the United States and the State retain the unspent or unobligated balances. The Council then recovers these balances by reducing subsequent disbursements for new projects. During fiscal 1996, the United States and the State reported total unobligated balances of \$3,665,782. Of this amount, the United States and the State reported \$1,165,334 and \$2,500,448 respectively. These unobligated funds were recovered through reduced project disbursements during the fiscal year ending September 30, 1996.

Disbursements from the Joint Trust Account

During fiscal 1996, the Council disbursed \$74,388,774 for restoration projects and land acquisition pursuant to the MOA as follows:

Restoration Projects Authorized By the Council

For 1996 and 1997:

To be conducted by the United States	\$	11,901,000
To be conducted by the State		15,816,700
Total	***************************************	27,717,700

Land Acquisitions and Research Infrastructure

Improvements Authorized By The Council

For 1996 and 1997:

20,534,200
31,511,033
52,045,233
79,762,933

Less:

Unobligated balances on prior years projects	(3,665,782)
Interest earnings on payments not yet disbursed	
by the United State and State	(1,708,377)
Disbursements from the Joint Trust Account	\$74,388,774

7. DEFERRED REVENUE

On September 10, 1996, the Court approved the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1997. The disbursement relating to this action was made from the Joint Trust Account on September 19, 1996, and the amount disbursed to the State Trustee Agencies' of \$9,906,619 has been recorded as deferred revenue.

Also during Fiscal 1996, the Department of Environmental Conservation received funding for a project that was originally anticipated to be conducted in Fiscal 1996. It was later determined that the project would be conducted in Fiscal 1997. Accordingly the amount received from the Trustee Council for this project of \$289,400 is included in deferred revenue for the Settlement Trust as of September 30, 1996.

NRDA&R received the United States' disbursement relating to the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1997 prior to September 30 1996. The amount received of \$6,663,400 has been recorded as Receipts - CRIS in the NRDA&R financial statements since NRDA&R is accounted for using the cash basis of accounting, and is part of the ending Trust Fund Balance. However, this money will be made available to the Federal Trustee Agencies in fiscal 1997.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

8. REAL PROPERTY ACQUISITIONS

In order to protect the habitat of resources and services injured by the oil spill, the Council, directed its staff to establish a process for the evaluation and acquisition of real property that was imminently threatened by development, or had habitat value. This process was divided into two programs; large parcels, generally those over 1,000 acres, and small parcels, generally those smaller than 1,000 acres.

Large Parcel Acquisitions

The large parcels program of the land evaluation and acquisition process was initiated in 1992. This evaluation process lead to the consideration of numerous parcels for acquisition by Trustee Agencies. As of September 30, 1996, the Council funded the acquisition, through either the purchase of the property, or interest in the property, or the acquisition of a limited term conservation easement, for 361,120 acres, with a total purchase cost, excluding interest, of \$195,350,000. Of the total purchase cost, \$160,600,000 is being provided from the Joint Trust Account, and \$34,750,000 from other sources:

During fiscal 1996, large parcel acquisitions were completed on 143,436 acres with a total purchase cost of \$70,500,000. Of the total purchase cost, \$63,500,000 is being provided from the Joint Trust Account, and \$7,000,000 from other sources.

Four of the acquisitions completed to date are to be paid on an installment basis through fiscal 2002. Only one of these acquisitions, with a final principal payment of \$2,917,000 due October 1997, bears interest. Interest accrues on the unpaid balance at a rate equal to the fifty-two week United States treasury bill rate, adjusted and compounded annually. The following is a summary of the remaining commitments (excluding interest) due from the Joint Trust Account as of September 30, 1996:

Fiscal Year Ending

September 30:	
1997	\$ 18,916,667
1998	8,500,000
1999	4,000,000
2000	4,000,000
2001	4,000,000
Thereafter	 11,805,734
	\$ 51,222,401

Pending Large Parcel Acquisitions

During fiscal 1996, the Council authorized two additional large parcel acquisitions totaling 127,440 acres with a total cost of \$69,010,800. Of the total purchase cost, \$49,010,800 is to be provided from the Joint Trust Account, and \$20,000,000 from other sources. These acquisitions are expected to be completed during fiscal 1997. In addition, negotiations continue on five other large parcel acquisitions. Currently, the area under negotiation includes approximately 320,000 acres.

Small Parcel Acquisitions

The small parcel program of the land evaluation and acquisition process was initiated in 1994. In response to a public solicitation, 302 parcels have been nominated for acquisition by the Trustees. The nomination period is open ended, and the Council continues to receive and evaluate nominations. The Council's staff evaluate, score, and rank the parcels, taking into account the resource value of the parcel, adverse impacts from human activity, and potential benefits to management of public lands. To date the Council has expressed interest in acquiring approximately 50 of the nominated parcels.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1996

8. REAL PROPERTY ACQUISITIONS (Continued)

During fiscal 1996, the Council completed the acquisition of the first 14 parcels containing 805 acres with a total cost of \$5,295,000. Subsequent to fiscal year-end, 7 additional parcels containing 1,847 acres with a total cost of \$3,184,000 were acquired. In addition, offers have been accepted by sellers on 9 parcels which are expected to close during fiscal 1997. These parcels contain 701 acres and have a total cost of \$3,334,000. All of the small parcels are purchased under fee simple title, and cash is paid on these parcels at closing. Most of these acquisitions are purchased through the Alaska Department of Natural Resources or the U.S. Department of the Interior, Fish and Wildlife Service, and all parcels acquired to date have been fully funded from the Joint Trust Account.

Alaska Sea Life Center

On November 2, 1994, the Council approved the disbursement of \$24,956,000 from the Joint Trust Account with CRIS to fund the construction of the research infrastructure improvements for the Alaska Sea Life Center in Seward, Alaska which is affiliated with the University of Alaska, School of Fisheries and Ocean Sciences, Institute of Marine Science. The first of two withdrawals to fund the project in the amount of \$12,500,000 was made in September, 1995. The second withdrawal of \$12,456,000 was made in September, 1996. The funds are being expended by the Alaska Department of Fish and Game under a cooperative agreement with the City of Seward, Alaska. As of September 30, 1996, \$5,711,000 had been expended under the contract, and \$19,245,000 remained encumbered.

9. SUBSEQUENT EVENTS

- On October 11, 1996, the Council applied for a disbursement in the amount of \$2,613,500 for the purchase of two parcels under the small parcel acquisition program.
- On November 8, 1996, the Council applied for a disbursement in the amount of \$3,252,125 for the purchase of two parcels under the small parcel acquisition program, and for the final payment due for the acquisition of a large parcel.
- On December 6, 1996, the Council approved the second disbursement related to its fiscal 1997 Work Plan for Restoration Projects to be conducted by the Trustee Agencies. The total amount approved was \$621,300. The United States and the State reported \$29,041, and \$398,567, respectively, of interest earned on available balances in NRDA&R and the Settlement Trust since the previous disbursement. In addition, the Council approved \$1,035,000 for the acquisition of five parcels under the small parcel acquisition program. As a result, \$1,228,692 was withdrawn from the Joint Trust Account for disbursement to the United States and State.

Supplementary Information 9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY RESTORATION PROJECTS INFORMATION

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

Elgel, Newfeld & from L

We have audited the financial statements of the Exxon Valdez Oil Spill Trustee Council, Trust Funds as of and for the year ended September 30, 1996, as listed in the accompanying table of contents, and have issued our report thereon dated January 23, 1997. These financial statements are the responsibility of the Exxon Valdez Oil Spill Trustee Council's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Exxon Valdez Oil Spill Trustee Council, Trust Funds, taken as a whole. The accompanying Schedules of Expenditures and Obligations - Budget and Actual on pages 20 through 94, and the Schedule of Fiscal 1995 Work Plan Status as of September 30, 1996, on page 95, are presented for purposes of additional analysis and are not a required part of the financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

January 23, 1997

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Department Totals

			E	Actual xpenditures			
		Budget	&	Obligations	Variance		
Personnel	\$	4,563,584	\$	3,844,715	\$ 718,869		
Travel		251,100		142,636	108,464		
Contractual		7,384,216		7,239,769	144,447		
Commodities		346,900		376,237	(29,337)		
Equipment		72,200		155,354	 (83,154)		
Project Total	_\$_	12,618,000	\$	11,758,711	\$ 859,289		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Condition and Health of Harbor Seals Project # 96001

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

				Actual		
	(Original Expenditures				
		Budget	& (& Obligations		ariance
Personnel	\$	5,985	\$	3,999	\$	1,986
Travel		-		_		-
Contractual		208,115		199,427		8,688
Commodities		-		-		-
Equipment		•		-		-
Capital Outlay		-		-	***	
Project Total	\$	214,100	\$	203,426	\$	10,674

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 96025

	Original Budget	Actual penditures Obligations	V	ariance
Personnel	\$ 5,750	\$ 3,846	\$	1,904
Travel	-	-		-
Contractual	536,650	509,067		27,583
Commodities	-	-		-
Equipment	-	-		-
Capital Outlay	-	 		-
Project Total	\$ 542,400	\$ 512,913	\$	29,487

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Community Involvement and Use of Traditional Knowledge Project # 96052

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Original	Ev	Actual		
	Original Budget		Expenditures & Obligations		Variance
Personnel	\$ 60,605	\$	51,546	\$	9,059
Travel	6,000		1,655		4,345
Contractual	202,195		213,625		(11,430)
Commodities	2,200		2,117		83
Equipment	-		-		•
Capital Outlay	 -				-
Project Total	\$ 271,000	\$	268,943	\$	2,057

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Monitoring, Habitat Use, and Trophic Interactions of Harbor Seals in PWS
Project # 96064

	Actual							
	Expenditures							
	Budget		& Obligations		Variance			
Personnel	\$	148,791	\$	133,645	\$	15,146		
Travel		10,600		8,879		1,721		
Contractual		127,009		142,485		(15,476)		
Commodities		60,900		37,980		22,920		
Equipment		-		8,956		(8,956)		
Capital Outlay		_		+		-		
Project Total	\$	347,300	\$	331,945	\$	15,355		

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Herring Bay Monitoring and Restoration Study Project # 96086

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Original Budget		Actual Expenditures & Obligations		Variance	
Personnel	\$	5,980	\$	3,999	\$	1,981
Travel		-		-		-
Contractual		167,020		165,650		1,370
Commodities		-		-		-
Equipment		-		-		-
Capital Outlay	***************************************	**		-		
Project Total	\$	173,000	\$	169,649	<u>\$.</u>	3,351

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Administration, Public Information and Scientific Management
Project # 96100
Schedule of Expenditures and Obligations - Budget and Actual
Fiscal Year Ending September 30, 1996

				Actual			
	Original		Expenditures				
		Budget		& Obligations		Variance	
Personnel	\$	1,218,952	\$	1,111,466	\$	107,486	
Travel		134,000		81,299		52,701	
Contractual		550,448		472,904		77,544	
Commodities		41,000		16,490		24,510	
Equipment		16,500		16,072		428	
Capital Outlay		-		-		-	
Project Total	\$	1,960,900	\$	1,698,231	\$	262,669	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Subtidal Monitoring: Eelgrass Communities Project # 96106

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

				Actual			
	Original Expenditur		penditures	es			
		Budget		& Obligations		Variance	
Personnel	\$.	· 6,000	\$	3,999	\$	2,001	
Travel		-		-		-	
Contractual		221,200		219,392		1,808	
Commodities		-		-		-	
Equipment		-		-		-	
Capital Outlay				_	-	_	
Project Total	\$	227,200	\$	223,391	\$	3,809	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Habitat Protection and Acquisition Support Project # 96126

	Actual						
	Original Budget		Expenditures & Obligations				
					Variance		
Personnel	\$	14,930	\$	5,981	\$	8,949	
Travel		3,500		118		3,382	
Contractual		1,070		894		176	
Commodities		500		500		-	
Equipment		-		-		-	
Capital Outlay				-		_	
Project Total	\$	20,000	\$	7,493	\$	12,507	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Tatitlek Coho Salmon Release Program

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Project # 96127

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Original	Actual Expenditures		\$ 7	
_	Budget		& Obligations		Variance	
Personnel	\$	7,245	\$	4,845	\$	2,400
Travel		-		-		-
Contractual		19,355		19,404		(49)
Commodities		-		-		-
Equipment		-		-		-
Capital Outlay		-		-		-
Project Total		26,600	\$	24,249	\$	2,351

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Chugach Native Region Clam Restoration
Project # 96131

		,	Original Budget	Actual penditures Obligations	Variance	
Personnel	4 + 4 4 - 4 - 5	\$	7,245	\$ 3,543	\$	3,702
Travel			-	-		-
Contractual			267,655	253,761		13,894
Commodities			-	-		-
Equipment			_	-		-
Capital Outlay			-	-		
Project Total		\$	274,900	\$ 257,304	\$	17,596

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Salmon Instream Habitat and Stock Restoration - Little Waterfall Barrier Bypass Project # 96139A1

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Actual							
		Original Expenditures Budget & Obligations							
]			& Obligations		Variance			
Personnel	\$	25,645	\$	23,805	\$	1,840			
Travel		1,100		672		428			
Contractual		27,955		5,494		22,461			
Commodities		300		3,466		(3,166)			
Equipment	•			4,995		(4,995)			
Capital Outlay				_					
Project Total	_\$	55,000	\$	38,432	\$	16,568			

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Spawning Channel Construction Project - Port Dick, Lower Cook Inlet Project # 96139A2

	(V	Variance		
Personnel	\$	65,435	\$ 89,735	\$	(24,300)
Travel		1,400	1,269		131
Contractual		158,865	110,407		48,458
Commodities		2,300	14,488		(12,188)
Equipment		2,500	2,553		(53)
Capital Outlay		-	 -		-
Project Total	\$	230,500	\$ 218,452	\$	12,048

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Investigation of Disease Factors Affecting Pacific Herring Populations in PWS Project # 96162

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	•		Ex	Expenditures				
			& Obligations		Variance			
Personnel	\$	39,330	\$	17,613	\$	21,717		
Travel		8,000		5,766		2,234		
Contractual		572,670		571,395		1,275		
Commodities		15,000		9,875		5,125		
Equipment		-		4,410		(4,410)		
Capital Outlay		-				-		
Project Total	\$	635,000	\$	609,059	\$	25,941		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Fish Diet Overlap Using Fish Stomach Content Analysis
Project # 96163C

	(Original				
	Budget		& Obligations		Variance	
Personnel	 \$	55,700	\$	38,438	\$	17,262
Travel		-		920		(920)
Contractual		-		3,998		(3,998)
Commodities		-		3,406		(3,406)
Equipment		-		-		-
Capital Outlay		-		-		-
Project Total	\$	55,700	\$	46,762	\$	8,938

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Historical Review of Ecosystem Structure in the PWS/GOA Project # 96163L

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

Actual							
(Original	Expenditures					
]	Budget		& Obligations		Variance		
\$	32,300	\$	30,137	\$	2,163		
	-		-		-		
			-		-		
	-		-		-		
	-		-				
	-		-		-		
\$	32,300	\$	30,137	\$	2,163		
		\$ 32,300	Original Exp Budget & C \$ 32,300 \$	Budget & Obligations \$ 32,300 \$ 30,137 - - - - - - - - - - - - - - - -	Original Expenditures Budget & Obligations V \$ 32,300 \$ 30,137 \$		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Genetic Discrimination of PWS Herring Populations Project # 96165

Fiscal Year Ending September 30, 1996

	Actual							
	(Original Expenditures						
	Budget		& Obligations		Variance			
Personnel	\$	23,920	\$	19,017	\$	4,903		
Travel		2,200		366		. 1,834		
Contractual		77,080		69,337		7,743		
Commodities		700		823		(123)		
Equipment		-		6,862		(6,862)		
Capital Outlay				-		-		
Project Total	\$	103,900	\$	96,405	\$	7,495		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Herring Natal Habitats Project # 96166

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Açtual							
	Original		Ex	penditures				
		Budget	& (Obligations	Variance			
Personnel	\$	214,035	\$	165,022	\$	49,013		
Travel		4,200		3,894		306		
Contractual		213,465		187,348		26,117		
Commodities		10,000		11,918		(1,918)		
Equipment		2,400		20,176		(17,776)		
Capital Outlay		_	-	-		_		
Project Total	\$	444,100	\$	388,358	\$	55,742		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Isotope Ratio Studies of Marine Mammals Project # 96170

	Actual								
	Original Budget			penditures	** '				
	***************************************	Budget	& Obligations		Variance				
Personnel	\$	7,245	\$	4,845	\$	2,400			
Travel		-		-					
Contractual		143,155		140,613	•	2,542			
Commodities		-	•	-		-			
Equipment		-		-		-			
Capital Outlay		-		-		-			
Project Total	\$	150,400	\$	145,458	\$	4,942			

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Kenai Habitat Restoration and Recreation Enhancement Project Project # 96180

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Ex	penditures				
		Budget		& Obligations		Variance		
Personnel	\$	123,625	\$	90,714	\$	32,911		
Travel		5,300		1,928		3,372		
Contractual		146,575		117,031		29,544		
Commodities		5,500		9,019		(3,519)		
Equipment		-		4,394		(4,394)		
Capital Outlay				-				
Project Total	_\$	281,000	\$	223,086	\$	57,914		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Coded Wire Tag Recoveries From Pink Salmon in PWS
Project # 96186

	Actual							
	Original		Ex	penditures				
	•	Budget		& Obligations		Variance		
Personnel	\$	131,675	\$	195,419	\$	(63,744)		
Travel		12,700		4,911		7,789		
Contractual		107,625		33,322		74,303		
Commodities		2,900		5,337		(2,437)		
Equipment		-		911		(911)		
Capital Outlay				-		-		
Project Total	<u>·\$</u>	254,900	\$	239,900	\$	15,000		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Otolith Thermal Mass Marking of Hatchery Reared Pink Salmon in PWS Project # 96188

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Exp	enditures				
		Budget	& Obligations		Variance			
Personnel	\$	66,117	\$	54,350	\$	11,767		
Travel		2,400		1,757		643		
Contractual		18,083		23,570		(5,487)		
Commodities		1,600		1,127		473		
Equipment		5,000		4,391		609		
Capital Outlay		*				-		
Project Total	\$	93,200	\$	85,195	\$	8,005		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Construction of Linkage Map for Pink Salmon Genome
Project # 96190

	Actual Original Expenditures Budget & Obligations Variance							
		Budget	200	Jougations	V	ariance		
Personnel	\$	7,245	\$	3,543	\$	3,702		
Travel		-		-		-		
Contractual	*	160,455		159,448		1,007		
Commodities		-		-		-		
Equipment		-		-		-		
Capital Outlay		-				_		
Project Total	\$	167,700	\$	162,991	\$	4,709		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Oil Related Embryo Mortalities in PWS Pink Salmon Populations Project # 96191-A

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Ex	penditures				
		Budget	& Obligations		Variance			
Personnel	\$	281,566	\$	220,338	\$	61,228		
Travel		15,600		5,082		10,518		
Contractual		145,734		147,079		(1,345)		
Commodities		31,200		73,144		(41,944)		
Equipment		500		12,548		(12,048)		
Capital Outlay		_		_		_		
Project Total	\$	474,600	\$	458,191	\$	16,409		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Genetic Structure of PWS Pink Salmon
Project # 96196

	Original Budget		Actual Expenditures & Obligations		Variance	
Personnel	\$ 131,596	\$	91,530	\$	40,066	
Travel	4,000		3,524		476	
Contractual	18,404		24,087		(5,683)	
Commodities	24,500		40,193		(15,693)	
Equipment	-		13,715		(13,715)	
Capital Outlay	 -		_		•	
Project Total	\$ 178,500	\$	173,049	\$	5,451	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game PWS Youth Area Watch Project # 96210

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual								
	Original		Expenditures						
		Budget	& Obligations		Variance				
Personnel	\$	5,980	\$	3,999	\$	1,981			
Travel		-		-		-			
Contractual		109,020		96,341		12,679			
Commodities		-		-		-			
Equipment		_		-		-			
Capital Outlay		-		M		•			
Project Total	\$	115,000	\$	100,340	\$	14,660			

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Documentary and Subsistence Harbor Seal Hunting in PWS
Project # 96214

	Actual							
	(Original Expenditures						
]	Budget	& Obligations		Variance			
Personnel	\$	19,090	\$	15,438	\$	3,652		
Travel		4,800		1,536		3,264		
Contractual		53,510		55,422		(1,912)		
Commodities		-		-		-		
Equipment		-		-		-		
Capital Outlay		-				-		
Project Total	\$	77,400	\$	72,396	\$	5,004		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Port Graham Pink Salmon Subsistence Project Project # 96225

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual								
	Original Budget		Exp	enditures					
			& O	bligations	Variance				
Personnel	\$	14,605	\$	4,845	\$	9,760			
Travel		-		-		-			
Contractual		80,695		83,681		(2,986)			
Commodities		-		•		-			
Equipment		-		-		-			
Capital Outlay		**				-			
Project Total		95,300	\$	88,526	\$	6,774			

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Community Based Harbor Seal Management and Biological Sampling Project # 96244

	Actual Original Expenditures							
	Original Budget		& Obligations		Variance			
Personnel	\$	33,120	\$	27,599	\$	5,521		
Travel		4,400		736		3,664		
Contractual		89,480		94,838		(5,358)		
Commodities		1,400		1,652	•	(252)		
Equipment		100	•	-		100		
Capital Outlay	***************************************			_		-		
Project Total		128,500	_\$	124,825	\$	3,675		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Kenai River Sockeye Salmon Restoration Project # 96255

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Ex	penditures				
		Budget	& (& Obligations		Variance		
Personnel	\$	247,040	\$	213,232	\$	33,808		
Travel		6,600		771		5,829		
Contractual		29,960		39,439		(9,479)		
Commodities		23,400		37,819		(14,419)		
Equipment		-		5,377		(5,377)		
Capital Outlay		_			-	_		
Project Total	\$	307,000	\$	296,638	\$	10,362		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Columbia and Solf Lakes Sockeye Salmon Stocking
Project # 96256A

Personnel	Actual Original Expenditures Budget & Obligations				Variance		
	\$ 11,320	\$	7,901	\$	3,419		
Travel	-		-		-		
Contractual	4,280		3,651		629		
Commodities	1,800		901		899		
Equipment	-		-		-		
Capital Outlay	 _				-		
Project Total	 17,400	\$	12,453	\$	4,947		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Sockeye Salmon Overescapement Project Project # 96258A

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Ex	penditures				
		Budget	& Obligations		Variance			
Personnel	\$	507,891	\$	383,717	\$	124,174		
Travel		8,200		6,208		1,992		
Contractual		52,109		114,762		(62,653)		
Commodities		28,400		24,559		3,841		
Equipment		-		11,008		(11,008)		
Capital Outlay	•			-				
Project Total	\$	596,600	\$	540,254	\$	56,346		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Restoration of Coghill Lake Sockeye Salmon Stocks Project # 96259

	Original Budget	Exp	Actual benditures bligations	Variance		
Personnel	\$ 123,402	\$	65,345	\$	58,057	
Travel	1,200		597		603	
Contractual	22,898		23,967		(1,069)	
Commodities	7,400		3,450		3,950	
Equipment	-		-		-	
Capital Outlay	 				-	
Project Total	\$ 154,900	\$	93,359	\$	61,541	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Chenega Chinook Release Program Project # 96272

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

Personnel	C 1	Variance			
	\$	7,245	\$ 4,845	\$	2,400
Travel	j	_	-		-
Contractual		45,055	43,927		1,128
Commodities		-	-		-
Equipment		-	-		•
Capital Outlay		-	 _		
Project Total		52,300	\$ 48,772	\$	3,528

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Salmon and Herring Predation Project # 96320E

		Original Budget	Actual penditures Obligations	Variance		
Personnel	\$	538,647	\$ 442,367	\$	96,280	
Travel		4,800	4,439		361	
Contractual		8,453	82,610		(74,157)	
Commodities		65,800	59,480		6,320	
Equipment		20,000	16,267		3,733	
Capital Outlay		-	 		-	
Project Total	_\$	637,700	\$ 605,163	\$	32,537	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Phytoplankton and Nutrients Project # 96320G

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		Exp	penditures				
			& Obligations		Variance			
Personnel	\$	6,900	\$	4,615	\$	2,285		
Travel		-		-		-		
Contractual		155,300		155,685		(385)		
Commodities		-		-		-		
Equipment		-		-		-		
Capital Outlay				-		_		
Project Total	\$	162,200	\$	160,300	\$	1,900		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Zooplankton in the PWS Ecosystem Project # 96320H

	Original Budget		Actual Expenditures & Obligations		Variance	
Personnel	\$	6,900	\$ 4,615	\$	2,285	
Travel		-	-		-	
Contractual		316,700	315,973		727	
Commodities		-	-		-	
Equipment		-	-		~	
Capital Outlay			 -		-	
Project Total	\$	323,600	\$ 320,588	\$	3,012	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Isotope Tracers - Food Webs of Fish Project # 96320I

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Exp	enditures				
]	Budget	& C	& Obligations		ariance		
Personnel	\$	6,900	\$	4,615	\$	2,285		
Travel		-		-		-		
Contractual		76,400		76,501		(101)		
Commodities		-		-		_		
Equipment		-		-		-		
Capital Outlay	Marry Japan Personal State Control of the Control o	_	***************************************	-		-		
Project Total	\$	83,300	\$	81,116	\$	2,184		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
Information Systems and Model Development
Project # 96320J

	Actual Original Expenditures Budget & Obligation			penditures	Variance		
Personnel	\$	6,900	\$	4,615	\$	2,285	
Travel		-		_		-	
Contractual		173,600		173,674		(74)	
Commodities		-		-		-	
Equipment		-		-		-	
Capital Outlay		-		-		-	
Project Total		180,500	\$	178,289	\$	2,211	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game PWSAC: Experimental Fry Release Project # 96320K

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		Expenditures & Obligations					
					Variance			
Personnel	\$	6,900	\$	4,615	\$	2,285		
Travel		-		-		-		
Contractual		54,500		52,601		1,899		
Commodities		_		-		-		
Equipment		-		-		-		
Capital Outlay	····	-		•		-		
Project Total	\$	61,400	\$	57,216	_\$	4,184		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Physical Oceanography in PWS Project # 96320M

Personnel	Actual Original Expenditures Budget & Obligations					Variance	
	\$	6,900	\$	4,615	\$	2,285	
Travel		-		-		-	
Contractual		184,800		180,160		4,640	
Commodities		-		-		-	
Equipment		- .		•		-	
Capital Outlay	-	-		-		-	
Project Total		191,700	\$	184,775	\$	6,925	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Nekton/Plankton Acoustics Project # 96320N

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Expenditures					
		Budget	& (Obligations	Variance			
Personnel	\$	6,900	\$	4,615	\$	2,285		
Travel		-		-		-		
Contractual		203,000		203,447		(447)		
Commodities		-		-		-		
Equipment		-		-		-		
Capital Outlay		-	-			_		
Project Total	\$	209,900	\$	208,062	\$	1,838		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Fish and Game
SEA Trophodynamic Modeling and Validation Through Remote Sensing
Project # 96320R

	Actual							
	Original		Exp	penditures				
		Budget	& (Obligations	V	ariance		
Personnel	\$	6,900	\$	4,615	\$	2,285		
Travel		-		_		_		
Contractual		195,800		194,810		990		
Commodities		-		-		-		
Equipment		-		-		-		
Capital Outlay		-				_		
Project Total	\$	202,700	\$	199,425	\$	3,275		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Juvenile Herring Growth and Habitat Partitioning Project # 96320T

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Expenditures					
	•	Budget	& Obligations		Variance			
Personnel	\$	6,900	\$	4,615	\$	2,285		
Travel		-		-		-		
Contractual		1,134,700		1,130,301		4,399		
Commodities		-		-		-		
Equipment		-		-		-		
Capital Outlay		•		*		*		
Project Total	_\$_	1,141,600	_\$_	1,134,916	\$	6,684		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Energetics of Herring and Pollock Project # 96320U

	Actual Original Expenditures Budget & Obligations				Variance	
Personnel	\$ 6,900	\$	4,615	\$	2,285	
Travel	-		-		-	
Contractual	182,600		181,412		1,188	
Commodities	-		-		-	
Equipment	-		-		-	
Capital Outlay	 -				-	
Project Total	\$ 189,500	\$	186,027	\$	3,473	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Variation in Local Predation Rates on Hatchery Released Fry Project # 96320Y

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Actual							
	Original		Exp	enditures					
]	Budget	& Obligations		Variance				
Personnel	\$	6,900	\$	4,615	\$	2,285			
Travel		-		-		-			
Contractual		33,100		32,803		297			
Commodities		-		_		_			
Equipment		-		-		-			
Capital Outlay		-				_			
Project Total	\$	40,000	\$	37,418	\$	2,582			

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Synthesis and Integration Project # 96320Z

	Actual Original Expenditures Budget & Obligations					Variance	
Personnel	\$	6,900	\$	4,610	\$	2,290	
Travel		-		-		-	
Contractual		61,900		61,896		4	
Commodities		-				-	
Equipment		•		_		-	
Capital Outlay		-		-		_	
Project Total	\$	68,800	\$	66,506	\$	2,294	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Harlequin Duck Recovery Monitoring Project # 96427

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		Ex	penditures				
			& Obligations		Variance			
Personnel	\$	180,127	\$	154,324	\$	25,803		
Travel		10,100		6,309		3,791		
Contractual		25,573		52,130		(26,557)		
Commodities		20,100		18,493		1,607		
Equipment		25,200		22,719		2,481		
Capital Outlay		_				_		
Project Total	\$	261,100	\$	253,975	\$	7,125		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game NOAA Program Management Project # 96600

	Original Budget			Actual penditures obligations	Variance	
Personnel	\$	105,400	\$	94,353	\$	11,047
Travel		-		-		-
Contractual		-		-		-
Commodities		-		-		-
Equipment		-		-		-
Capital Outlay		-		•		
Project Total	_\$	105,400	\$	94,353	\$	11,047

Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual								
	Original		Expenditures						
		Budget		& Obligations		Variance			
Personnel	\$	168,290	\$	172,635	\$	(4,345)			
Travel		16,500		10,197		6,303			
Contractual		78,310		78,145		165			
Commodities		-		233		(233)			
Equipment		-		<u>.</u>		-			
Capital Outlay		-		-		-			
Project Total	\$	263,100	\$	261,210	\$	1,890			

Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Kodiak Archipelago Shoreline Assessment Project # 96027

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Original Budget	Exp	Actual penditures obligations	Variance		
Personnel	\$ 16,295	\$	29,548	\$	(13,253)	
Travel	7,300		1,698		5,602	
Contractual	1,605		2,157		(552)	
Commodities	-		-		-	
Equipment	*		-		-	
Capital Outlay	 -		-			
Project Total	\$ 25,200	\$	33,403	\$	(8,203)	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Administration, Public Information and Scientific Management Project # 96100

	Original Budget	Ex	Actual penditures Obligations	Variance	
Personnel	148,200	\$	137,949	\$	10,251
Travel	5,000		5,671		(671)
Contractual	-		572		(572)
Commodities	-		233		(233)
Equipment	-		-		-
Capital Outlay	-		-		-
Project Total	\$ 153,200	\$	144,425	\$	8,775

Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Sound Waste Management Plan Project # 96115

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		Expenditures & Obligations					
					Variance			
Personnel	\$	3,795	\$	5,138	\$	(1,343)		
Travel		4,200		2,828		1,372		
Contractual		41,705		40,416		1,289		
Commodities		-		-		-		
Equipment		-		-		-		
Capital Outlay		-		-		-		
Project Total	\$	49,700	\$	48,382	\$	1,318		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation EVOS Symposium Publication Project # 96507

Personnel	Actual Original Expenditures Budget & Obligations					Variance	
	\$	-	\$		\$	=	
Travel		-		-		-	
Contractual		35,000		35,000		-	
Commodities		-		-		~	
Equipment		-		-		-	
Capital Outlay				-		_	
Project Total	\$	35,000	\$	35,000	\$		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Department Totals Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

		Actual Expenditures								
		Budget		& Obligations		Variance				
Personnel	\$	435,663	\$	250,569	\$	185,094				
Travel		28,200		5,297		22,903				
Contractual		2,022,537		1,619,969		402,568				
Commodities		17,500		4,800		12,700				
Equipment	-	-		1,749		(1,749)				
Project Total	\$	2,503,900	\$	1,882,384	\$	621,516				

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Archaeological Site Restoration - Index Site Monitoring Sub-Project Project # 96007A

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Exp	enditures				
]	Budget		bligations	Variance			
Personnel	\$	59,042	\$		\$	59,042		
Travel		12,100		-		12,100		
Contractual		20,758		64,308		(43,550)		
Commodities		4,500		-		4,500		
Equipment				Man		-		
Project Total	\$	96,400	\$	64,308	\$	32,092		

Exxon Valdez Oil Spill Trustee Council
Alaska Department of Natural Resources
Administration, Public Information and Scientific Management
Project #96100

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

	Original Budget		Actual Expenditures & Obligations		Variance	
Personnel	\$	193,200	\$	163,244	\$	29,956
Travel		1,500		-		1,500
Contractual		673,800		608,865		64,935
Commodities		4,500		4,426		74
Equipment		-		1,749		(1,749)
Project Total	\$	873,000	\$	778,284	\$	94,716

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Habitat Protection Acquisition Support Project # 96126

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

	Original Budget		Actual Expenditures & Obligations		Variance	
Personnel	\$	23,460	\$	_	\$	23,460
Travel		3,500		3,841		(341)
Contractual		1,200,940		765,144		435,796
Commodities		1,000		29		971
Equipment		-		-		-
Project Total	\$	1,228,900	\$	769,014	\$	459,886

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Archaeological Site Stewardship Project # 96149

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

			*	Actual			
	(Original	Exp	Expenditures			
	1	Budget		& Obligations		Variance	
Personnel	\$	45,511	\$	-	\$	45,511	
Travel		3,700		-		3,700	
Contractual		2,889		44,365		(41,476)	
Commodities		2,000		-		2,000	
Equipment		-		~		-	
Project Total	\$	54,100	\$	44,365	\$	9,735	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Community Planning for Restoration of Archaeological Resources in PWS Project # 96154

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

•	Actual							
	Original Budget		-	enditures bligations	Variance			
Personnel	\$	7,500	\$	-	\$	7,500		
Travel		2,100		-		2,100		
Contractual		-		5,668		(5,668)		
Commodities		-		-		-		
Equipment				-		-		
Project Total	\$	9,600	\$	5,668	\$	3,932		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Kenai Habitat Restoration and Recreation Enhancement Project Project #96180

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$ 106,950	\$	87,325	\$	19,625		
Travel	5,300		1,456		3,844		
Contractual	124,150		131,619		(7,469)		
Commodities	5,500		345		5,155		
Equipment	•				-		
Project Total	\$ 241,900	\$	220,745	\$	21,155		

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Department Totals

	Actual Expenditures							
	Budget		&	& Obligations		Variance		
Personnel	\$	681,775	\$	697,982	\$	(16,207)		
Travel		104,100		62,914		41,186		
Contractual		2,007,025		1,415,861		591,164		
Commodities		26,500		26,952		(452)		
Equipment		1,400	***************************************	-		1,400		
Project Total	\$	2,820,800	\$	2,203,709	\$	617,091		

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Archaeological Site Restoration - Index Site Monitoring Project # 96007A

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual						
	Original Expenditure Budget & Obligation		oenditures				
			& Obligations		Variance		
Personnel	\$	13,813	\$	21,080	\$	(7,267)	
Travel		7,300		349		6,951	
Contractual		4,387		2,302		2,085	
Commodities		2,000		1,043		957	
Equipment	-	-		-		_	
Project Total		27,500	\$	24,774	\$	2,726	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Archaeological Site Restoration Project # 96007B

	Actual Original Expenditures Budget & Obligations				Variance	
Personnel	\$ 43,355	\$	55,255	\$	(11,900)	
Travel	3,800		3,606		194	
Contractual	31,245		19,110		12,135	
Commodities	-		238		(238)	
Equipment	 -				-	
Project Total	\$ 78,400	\$	78,209	\$	191	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Survey of Octopuses in Intertidal Habitats Project # 96009-D

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	(
		Budget		& Obligations		Variance	
Personnel	\$	10,695	\$	8,334	\$	2,361	
Travel		-		-		-	
Contractual		131,605		132,860		(1,255)	
Commodities		-		-		-	
Equipment		_		_		_	
Project Total	_\$	142,300	\$	141,194	\$	1,106	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 96025

		Original Budget	Ex	Actual penditures Obligations	Variance		
Personnel	\$	107,719	\$	109,131	\$	(1,412)	
Travel		1,300		492		808	
Contractual		8,881	ė.	8,012		869	
Commodities		13,800		15,305		(1,505)	
Equipment	*******						
Project Total		131,700	\$	132,940	\$	(1,240)	

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Agriculture, U.S. Forest Service

Cutthroat Trout and Dolly Varden Rehabilitation in Western Prince William Sound Project # 96043B

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Original Budget	Exp	Actual penditures obligations	Variance	
Personnel	\$ 20,700	\$	19,789	\$	911
Travel	3,400		575		2,825
Contractual	-		376		(376)
Commodities	4,100		1,532		2,568
Equipment	 1,400				1,400
Project Total	\$ 29,600	\$	22,272	\$	7,328

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Agriculture, U.S. Forest Service

Administration, Public Information and Scientific Management Project # 96100

	Original Budget	Ex	Actual penditures Obligations	Variance	
Personnel	\$ 107,600	\$	107,917	\$	(317)
Travel	15,600		14,018		1,582
Contractual	-		1,508		(1,508)
Commodities	1,500		405		1,095
Equipment	 -		•		-
Project Total	 124,700	\$	123,848	\$	852

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Habitat Protection and Acquisition Support Project # 96126

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Ex	penditures				
		Budget		& Obligations		Variance		
Personnel	\$	153,065	\$	162,705	\$	(9,640)		
Travel		16,800		20,701		(3,901)		
Contractual		1,410,035		842,261		567,774		
Commodities		3,000		210		2,790		
Equipment		-	*************	-		-		
Project Total	_\$_	1,582,900	\$	1,025,877	\$	557,023		

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Montague Riparian Rehabilitation Project # 96139C1

Personnel		Actual Original Expenditures Budget & Obligations				Variance	
	\$	8,855	\$	8,055	\$	800	
Travel		-		-		-	
Contractual		645		303		342	
Commodities		200		-		200	
Equipment				-		-	
Project Total	_\$	9,700	\$	8,358	\$	1,342	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Cutthroat Trout and Dolly Varden: Relation Among and Within Populations Project # 96145

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Actual							
	Original		Expenditures						
		Budget		& Obligations		Variance			
Personnel	\$	58,420	\$	73,980	\$	(15,560)			
Travel		49,500		20,586		28,914			
Contractual		92,080		102,291		(10,211)			
Commodities		-		3,143		(3,143)			
Equipment		_		-		-			
Project Total	\$	200,000	\$	200,000	\$	-			

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Comprehensive Community Planning for Restoration of Archaeological Resources Project # 96154

	Original Budget	Actual Expenditures & Obligations Variance			
Personnel	\$ 12,650	\$	12,182	\$	468
Travel	4,800		859		3,941
Contractual	170,750		170,788		(38)
Commodities	-		1,224		(1,224)
Equipment	 -		_		
Project Total	\$ 188,200	\$	185,053	\$	3,147

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Eastern PWS Wildstock Salmon Habitat Restoration Project # 96220BAA

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

			Actual					
	Original		Exp	enditures				
]	Budget		& Obligations		Variance		
Personnel	\$	43,010	\$	48,482	\$	(5,472)		
Travel		-		-		-		
Contractual		48,190		19,740		28,450		
Commodities		800		2,211		(1,411)		
Equipment		-						
Project Total	\$	92,000	\$	70,433	\$	21,567		

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Chenega Bay Salmon Restoration Project # 96222

		Original Budget	Exp	Actual enditures bligations	v	ariance
Personnel	\$	11,976	\$	3,008	\$	8,968
Travel		-		-		-
Contractual		3,424		840		2,584
Commodities		700		-		700
Equipment		-	****	_		
Project Total	_\$	16,100	\$	3,848	\$	12,252

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Columbia and Solf Lake Sockeye Salmon Stocking Project # 96256A

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

				Actual		
	Original		Expenditures			
]	Budget	& Obligations		Variance	
Personnel	\$	36,152	\$	27,935	\$	8,217
Travel		-		-		•
Contractual		6,848		10,095		(3,247)
Commodities		400		1,515		(1,115)
Equipment		-		-		-
Project Total	\$	43,400		39,545	\$	3,855

Exxon Valdez Oil Spill Trustee Council
U.S. Department of Agriculture, U.S. Forest Service
Restoration of Coghill Lake Sockeye Salmon
Project # 96259

	Original Budget	Ex	Actual penditures Obligations	V	ariance
Personnel	\$ 13,430	\$	7,210	\$	6,220
Travel	•		-		· -
Contractual	97,370		96,830		540
Commodities	· -		_		-
Equipment					
Project Total	\$ 110,800	\$	104,040	\$	6,760

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Chenega-Area Shoreline Residual Oiling Reduction Project # 96291

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

			F	Actual			
	Original		Exp	enditures			
	E	Budget		& Obligations		Variance	
Personnel	\$	2,070	\$	3,013	\$	(943)	
Travel		-		-		-	
Contractual		1,030		-		1,030	
Commodities		-		-		-	
Equipment		_	4	-			
Project Total	\$	3,100	\$	3,013	\$	87	

Exxon Valdez Oil Spill Trustee Council
U.S. Department of Agriculture, U.S. Forest Service
PWS System Investigation - Avian Predation on Herring Spawn
Project # 96320Q

		Original Budget	Exp	Actual penditures obligations	Variance		
Personnel	\$	38,265	\$	29,906	\$	8,359	
Travel		1,600		1,728		(128)	
Contractual		535		8,545		(8,010)	
Commodities		-		126		(126)	
Equipment	***************************************	-		-	-		
Project Total	\$	40,400	\$	40,305	\$	95	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Expenditures							
		Budget		Obligations	1	/ariance		
Personnel	\$	1,148,621	\$	1,058,355	\$	90,266		
Travel		76,500		53,419		23,081		
Contractual		475,079		439,105		35,974		
Commodities		84,200		104,440		(20,240)		
Equipment	*****	25,400		29,090		(3,690)		
Project Total	_\$_	1,809,800	\$	1,684,409	\$	125,391		

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Archaeological Site Restoration - Index Site Monitoring Project # 96007A

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Exp	enditures				
	l	Budget		& Obligations		Variance		
Personnel	\$	13,800	\$	18,536	\$	(4,736)		
Travel		5,000		729		4,271		
Contractual		2,400		2,380		20		
Commodities		-		13		(13)		
Equipment		_		_		-		
Project Total		21,200	\$	21,658	\$	(458)		

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Development of a Productivity Index for Marbled and Kittlitz's Murrelets Project # 96031

	Actual Expenditures							
	Budget		& Obligations		Variance			
Personnel	\$	75,670	\$	102,058	\$	(26,388)		
Travel		1,400		635		765		
Contractual		530		3,746		(3,216)		
Commodities		-		_		- ,		
Equipment		-		94		(94)		
Project Total	\$	77,600	\$	106,533	\$	(28,933)		

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Publication of Seabird Restoration Workshop Project # 96038

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual Original Expenditures Budget & Obligations Var					
Personnel	\$ 6,900	\$		\$	6,900	
Travel	1,400		-		1,400	
Contractual	13,900		17,609		(3,709)	
Commodities	-		56		(56)	
Equipment	-		_		-	
Project Total	\$ 22,200	\$	17,665	\$	4,535	

Exxon Valdez Oil Spill Trustee Council
Department of Interior - Fish and Wildlife Service
Administration, Public Information and Scientific Management
Project # 96100

Personnel	Actual Expenditures Budget & Obligations Variance					
	\$	48,900	\$	77,068	\$	(28,168)
Travel		-		878		(878)
Contractual		-		3,005		(3,005)
Commodities		-		75		(75)
Equipment				133		(133)
Project Total	\$	48,900	\$	81,159	\$	(32,259)

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Removal of Introduced Foxes From Islands Project # 96101

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual						
	Original		Exp	enditures		•	
	F	Budget	& Obligations		Variance		
Personnel	\$	7,500	\$	16,202	\$	(8,702)	
Travel		900		76		824	
Contractual		-		4,879		(4,879)	
Commodities		-		817		(817)	
Equipment		-		228		(228)	
Project Total	_\$	8,400	\$	22,202	\$	(13,802)	

Exxon Valdez Oil Spill Trustee Council
Department of Interior - Fish and Wildlife Service
Habitat Protection and Acquisition Support
Project # 96126

Personnel	Actual Expenditures Budget & Obligations Variance							
	\$	333,601	\$	123,981	\$	209,620		
Travel		8,400		6,768		1,632		
Contractual		113,099		110,965		2,134		
Commodities		1,000		7,534		(6,534)		
Equipment		-		606		(606)		
Project Total	\$	456,100	\$	249,854	\$	206,246		

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Common Murre Population Monitoring Project # 96144

Schedule of Expenditures and Obligations - Budget and Actual
Fiscal Year Ending September 30, 1996

	Actual							
	Original		Exp	Expenditures & Obligations				
]	Budget				Variance		
Personnel	\$	13,915	\$	56,383	\$	(42,468)		
Travel		4,200		2,143		2,057		
Contractual		46,185		364		45,821		
Commodities		2,200		6,376		(4,176)		
Equipment		4,000		-		4,000		
Project Total		70,500	\$	65,266	_\$	5,234		

Exxon Valdez Oil Spill Trustee Council
Department of Interior - Fish and Wildlife Service
Archaeological Index Site Monitoring
Project # 96149

	Actual Expenditures						
	Budget		& Obligations		Variance		
Personnel	\$	12,880	\$	18,482	\$	(5,602)	
Travel		4,300		1,408		2,892	
Contractual		2,120		-		2,120	
Commodities		1,000		360		640	
Equipment		*				-	
Project Total	\$	20,300	\$	20,250	\$	50	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Surveys to Monitor Marine Bird Abundance in PWS During Winter and Summer Project # 96159

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Ex	Expenditures & Obligations				
		Budget				Variance		
Personnel	\$	163,645	\$	169,636	\$	(5,991)		
Travel		13,600		10,368		3,232		
Contractual		48,255		56,017		(7,762)		
Commodities		35,900		24,771		11,129		
Equipment	·····	1,500		626		874		
Project Total	_\$	262,900	\$	261,418	\$	1,482		

Exxon Valdez Oil Spill Trustee Council
Department of Interior - Fish and Wildlife Service
Harlequin Duck - Indicator Species for Ecological Monitoring and Recovery
Project # 96161

Personnel	Actual Expenditures Budget & Obligations Variance						
	\$	11,300	\$	13,603	\$	(2,303)	
Travel		2,300		1,330		970	
Contractual		10,700		3,077		7,623	
Commodities		1,000		6,016		(5,016)	
Equipment		1,000		1,244		(244)	
Project Total	\$	26,300	\$	25,270	\$	1,030	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Foraging of Seabirds Project # 96163B

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	116,610	\$	105,923	\$	10,687		
Travel		8,200		5,963		2,237		
Contractual		4,990		9,082		(4,092)		
Commodities		700		8,184		(7,484)		
Equipment		1,700		4,364		(2,664)		
Project Total	\$	132,200	\$	133,516	\$	(1,316)		

Exxon Valdez Oil Spill Trustee Council
Department of Interior - Fish and Wildlife Service
Black-legged Kittiwake as Indicators of Forage Fish Availability
Project # 96163E

Personnel	Actual Expenditures Budget & Obligations Variance					
	\$	107,525	\$	106,946	\$	579
Travel		7,700		16,438		(8,738)
Contractual		18,275		6,250		12,025
Commodities		22,000		23,372		(1,372)
Equipment		8,900		18,013		(9,113)
Project Total	\$	164,400	\$	171,019	\$	(6,619)

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Factors Affecting Recovery of Pigeon Guillemots Project # 96163F

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		Expenditures & Obligations					
					Variance			
Personnel	\$	112,700	\$	123,258	\$	(10,558)		
Travel		6,600		4,563		2,037		
Contractual		12,600		14,964		(2,364)		
Commodities		12,100		9,250		2,850		
Equipment		4,300		1,393		2,907		
Project Total		148,300	\$	153,428	\$	(5,128)		

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service APEX Planning & Project Leader Project # 96163I

Personnel	٠	Actual Expenditures Budget & Obligations Variance						
	\$	9,200	\$	20,788	\$	(11,588)		
Travel	Ψ	900	Ψ	20,700	Ψ	900		
Contractual		172,600		165,000		7,600		
Commodities								
Equipment		-		_		-		
Project Total	\$	182,700	\$	185,788	\$	(3,088)		

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Barren Islands Seabird Studies Project # 96163J

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		Exp	penditures				
			& Obligations		Variance			
Personnel	\$	77,275	\$	65,290	\$	11,985		
Travel		6,400		702		5,698		
Contractual		8,025		21,324		(13,299)		
Commodities		8,300		17,473		(9,173)		
Equipment		4,000		1,177		2,823		
Project Total		104,000	\$	105,966	\$	(1,966)		

Exxon Valdez Oil Spill Trustee Council
Department of Interior - Fish and Wildlife Service
Using Predatory Fish to Sample Forage Fish
Project # 96163K

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

Actual Expenditures

	/ariance
\$	(1,481)
	-
	-
	-
_	
	(1,481)
	\$

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Statistical Review Project # 96163O

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	 Actual Expenditures Budget & Obligations Variance						
Personnel	\$ -	\$	_	\$	-		
Travel	-		-		-		
Contractual	21,400		20,023		1,377		
Commodities	-		-		-		
Equipment	 -		1,212		(1,212)		
Project Total	 21,400	\$	21,235	\$	165		

Exxon Valdez Oil Spill Trustee Council
Department of Interior - Fish and Wildlife Service
Kenai Habitat Restoration and Recreation Enhancement Project
Project # 96180

	Actual							
	Original Budget		Expenditures & Obligations					
					Variance			
Personnel	\$	32,500	\$	34,020	\$	(1,520)		
Travel		5,200		1,418		3,782		
Contractual		-		420		(420)		
Commodities		-		143		(143)		
Equipment		-						
Project Total	\$	37,700	\$	36,001	\$	1,699		

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Department Totals Schedule of Expenditures and Obligations - Budget and Actual

Fiscal Year Ending September 30, 1996

		Actual Expenditures							
	Budget		& Obligations		Variance				
Personnel	\$	499,505	\$	380,470	\$	119,035			
Travel		36,600		113,943		(77,343)			
Contractual		782,795		707,750		75,045			
Commodities		38,400		127,154		(88,754)			
Equipment		61,400		57,822		3,578			
Project Total	\$	1,418,700	\$	1,387,139	\$	31,561			

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 96025

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		E	ependitures				
		Budget		& Obligations		Variance		
Personnel	\$	268,525	\$	259,513	\$	9,012		
Travel		32,700		37,194		(4,494)		
Contractual		645,975		620,764		25,211		
Commodities		29,400		68,527		(39,127)		
Equipment		61,400		35,465		25,935		
Project Total	\$	1,038,000	\$	1,021,463	\$	16,537		

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Mussel Bed Restoration and Monitoring in PWS and Gulf of Alaska Project # 96090

		Original Budget	Exp	Actual penditures obligations	Va	riance
Personnel	\$	40,500	\$	39,805	\$	695
Travel		-		623		(623)
Contractual		-		-		_
Commodities		200		240		(40)
Equipment		-		NAME -		
Project Total	_\$	40,700	\$	40,668	\$	32

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Administration, Public Information and Scientific Management Project # 96100

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

Personnel	Original Budget	Actual Expenditures & Obligations Variance				
	\$ 27,800	\$	25,997	\$	1,803	
Travel	-		639		(639)	
Contractual	-		354		(354)	
Commodities	-		478		(478)	
Equipment	 -		-		-	
Project Total	\$ 27,800	\$	27,468	\$	332	

Exxon Valdez Oil Spill Trustee Council
Department of Interior - U.S. Geological Survey
Harlequin Duck - Indicator Species for Ecological Monitoring and Recovery
Project # 96161

	Actual							
	Original Budget		Exp	enditures				
			& Obligations		Variance			
Personnel	\$	17,800	\$	9,316	\$	8,484		
Travel		2,400		-		2,400		
Contractual		-		141		(141)		
Commodities		7,200		14,347		(7,147)		
Equipment				_		*		
Project Total	\$	27,400	\$	23,804	\$	3,596		

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Distribution of Forage Fish as Indicated by Puffin Diet Sampling Project # 96163D

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Original Budget	Actual Expenditures & Obligations Varianc			
Personnel	\$ 12,000	\$	690	\$	11,310
Travel	-		2,478		(2,478)
Contractual	-		-		-
Commodities	-		277		(277)
Equipment	 		-		-
Project Total	\$ 12,000	\$	3,445	\$	8,555

Exxon Valdez Oil Spill Trustee Council
Department of Interior - U.S. Geological Survey
Historical Review of Ecosystem Structure in the PWS/GOA Complex
Project # 96163L

	Actual Original Expenditures Budget & Obligations		Variance		
Personnel	\$	20,000	\$ 580	\$	19,420
Travel		-	10,100		(10,100)
Contractual		-	•		-
Commodities		-	292		(292)
Equipment	-11		 •		-
Project Total		20,000	\$ 10,972	\$	9,028

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Lower Cook Inlet Study Project # 96163M

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Actual							
	(penditures					
				& Obligations		Variance			
Personnel	\$	84,180	\$	29,901	\$	54,279			
Travel		-		62,443		(62,443)			
Contractual		129,820		64,391		65,429			
Commodities		-		42,833		(42,833)			
Equipment		-		22,357		(22,357)			
Project Total	\$	214,000	\$	221,925	\$	(7,925)			

Exxon Valdez Oil Spill Trustee Council
Department of Interior - U.S. Geological Survey
Black-Legged Kittiwake Feeding Experiment
Project # 96163N

	Actual							
	Original		Exp	enditures				
]	Budget		bligations	Variance			
Personnel	\$	17,300	\$	-	\$	17,300		
Travel		1,500		-		1,500		
Contractual		1,000		20,000		(19,000)		
Commodities		1,600		-		1,600		
Equipment	***************************************	-		_		_		
Project Total	\$	21,400	\$	20,000	\$	1,400		

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Information Systems and Model Development Project # 96320J

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		Expenditures & Obligations					
					Variance			
Personnel	\$	-	\$	4,380	\$	(4,380)		
Travel		-		466		(466)		
Contractual		6,000		900		5,100		
Commodities		~		160		(160)		
Equipment		-		-		-		
Project Total	\$	6,000	\$	5,906	\$	94		

Exxon Valdez Oil Spill Trustee Council
Department of Interior - U.S. Geological Survey
Data Re-Analysis for NRDA Marine Mammal Study 6
Project # 96326

Personnel	1	V	Variance		
	\$	11,400	\$ 10,288	\$	1,112
Travel		-	-		-
Contractual		-	1,200		(1,200)
Commodities		-	-		
Equipment		_	-		-
Project Total	\$	11,400	\$ 11,488	\$	(88)

Exxon Valdez Oil Spill Trustee Council
Department of Interior - National Park Service
Department Totals
Schedule of Expenditures - Budget to Actual
Fiscal Year Ending September 30, 1996

	Actual Expenditures							
	Budget		& Obligations		Variance			
Personnel	\$	60,100	\$	35,169	\$	24,931		
Travel		6,000		2,304		3,696		
Contractual		10,700		20,634		(9,934)		
Commodities		900		-		900		
Equipment		4,000		-		4,000		
Project Total	\$	81,700	\$	58,107	\$	23,593		

Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Administration, Public Information and Scientific Management Project # 96100

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original Budget		•	penditures				
			& Obligations		Variance			
Personnel	\$	23,300	\$	15,298	\$	8,002		
Travel		-		2,304		(2,304)		
Contractual		-		521		(521)		
Commodities		-		-		-		
Equipment		-		-				
Project Total	\$	23,300	\$	18,123	\$	5,177		

Exxon Valdez Oil Spill Trustee Council
Department of Interior - National Park Service
Habitat Protection and Acquisition Support
Project # 96126
Schedule of Expenditures - Budget to Actual
Fiscal Year Ending September 30, 1996

Personnel	Actual Original Expenditures Budget & Obligations Variance						
	\$	13,600	\$	3,070	\$	10,530	
Travel		2,600		-		2,600	
Contractual		-		-		-	
Commodities		-		-		-	
Equipment		-		-		~	
Project Total	\$	16,200	\$	3,070	\$	13,130	

Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Comprehensive Community Planning for Restoration of Archaeological Resources Project # 96154

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

·	Actual Original Expenditures Budget & Obligations Variance					
Personnel	\$	7,200	\$	6,361	\$	839
Travel		1,300		_		1,300
Contractual		-		-		-
Commodities		~		-		-
Equipment		-		-		-
Project Total	\$	8,500	\$	6,361		2,139

Exxon Valdez Oil Spill Trustee Council
Department of Interior - National Park Service
Harlequin Duck - Indicator Species for Ecological Monitoring and Recovery
Project # 96161

Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$	16,000	\$	10,440	\$	5,560	
Travel		2,100		-		2,100	
Contractual		10,700		20,113		(9,413)	
Commodities		900		-		900	
Equipment		4,000		-		4,000	
Project Total	\$	33,700	\$	30,553	\$	3,147	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Office of the Secretary Administration, Public Information and Scientific Management Project # 96100 - Department Totals Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1996

				Actual				
	Expenditures							
	Budget		& Obligations		Variance			
Personnel	\$	67,200	\$	54,000	\$	13,200		
Travel		-		-		-		
Contractual		-		-		-		
Commodities		-		•		-		
Equipment		-		-		-		
Capital Outlay		_		-		_		
Project Total	\$	67,200	\$	54,000	\$	13,200		

U.S. Department of Commerce, National Oceanic and Atmospheric Administration
Department Totals

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$ 962,669	\$	875,380	\$	87,289		
Travel	118,300		89,557		28,743		
Contractual	2,739,631		2,834,589		(94,958)		
Commodities	148,700		105,133		43,567		
Equipment	 12,000		20,812		(8,812)		
Project Total	\$ 3,981,300	\$	3,925,471	\$	55,829		

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Comprehensive Killer Whale Investigation

Project # 96012-BAA

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual Original Expenditures Budget & Obligations Variance						
D 1		Duuget		onganons		ai iaiice	
Personnel	\$	-	\$	-	\$	-	
Travel		-		-		-	
Contractual		101,000		98,888		2,112	
Commodities		-		_		-	
Equipment		-		•		-	
Project Total		101,000	\$	98,888	\$	2,112	

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 96025

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$ 104,432	\$	66,841	\$	37,591		
Travel	10,600		13,293		(2,693)		
Contractual	23,968		62,708		(38,740)		
Commodities	14,100		7,218		6,882		
Equipment	 -	-	3,125	-	(3,125)		
Project Total	 153,100	\$	153,185	\$	(85)		

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Kodiak Archipelago Shoreline Assessment Project # 96027

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	original Budget	Actual Expenditures & Obligations Var			
Personnel	\$ 2,730	\$	-	\$	2,730
Travel			(880)		880
Contractual	1,070		4,615		(3,545)
Commodities	6,200		5,075		1,125
Equipment	 -		-		
Project Total	\$ 10,000	\$	8,810	\$	1,190

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Historical Analysis of Sockeye Salmon Growth among Populations Affected by

Overescapement in 1989

Project # 96048 - BAA

	Original Budget	Ex	Actual penditures Obligations	Va	ariance
Personnel	\$ 115	\$		\$	115
Travel	-		-		-
Contractual	108,885		106,258		2,627
·Commodities	-		-		-
Equipment	 -		_		
Project Total	\$ 109,000	\$	106,258	\$	2,742

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Herring Reproductive Impairment

Project # 96074

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Actual							
r	Original		Ex	penditures					
]	Budget		& Obligations		Variance			
Personnel	\$	84,332	\$	106,563	\$	(22,231)			
Travel		7,400		2,043		5,357			
Contractual		45,368		35,548		9,820			
Commodities		2,900		2,082		818			
Equipment				**		<u>-</u>			
Project Total		140,000	\$	146,236	\$	(6,236)			

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration

Effects of Oiled Incubation Substrate on Survival and Straying

of Wild Pink Salmon

Project # 96076

	Actual Original Expenditures Budget & Obligations				Variance	
Personnel	\$ 196,075	\$	204,513	\$	(8,438)	
Travel.	39,400		22,267		17,133	
Contractual	66,125		98,840		(32,715)	
Commodities	76,200		44,423		31,777	
Equipment	 -		7,563		(7,563)	
Project Total	\$ 377,800	\$	377,606	\$	194	

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Mussel Bed Restoration and Monitoring in PWS and Gulf of Alaska Project # 96090

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Actual Original Expenditures Budget & Obligations				Variance		
Personnel	-\$	149,300	\$	117,755	\$	31,545		
Travel		2,900		3,326		(426)		
Contractual		-		23,742		(23,742)		
Commodities		7,100		7,439		(339)		
Equipment				5,062		(5,062)		
Project Total	_\$	159,300	\$	157,324	\$	1,976		

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Administration, Public Information and Science Project # 96100

Actual							
Original Budget		Expenditures & Obligations					
				Variance			
\$	110,425	\$	82,908	\$	27,517		
	5,000		3,377		1,623		
	24,075		34,926		(10,851)		
	-		-	•	-		
					-		
\$	139,500	\$	121,211	\$	18,289		
	\$	Budget \$ 110,425 5,000 24,075 -	Original Exp Budget & C \$ 110,425 \$ 5,000 24,075	Budget & Obligations \$ 110,425 \$ 82,908 5,000 3,377 24,075 34,926 - - - - - -	Original Budget Expenditures & Obligations V \$ 110,425 \$ 82,908 \$ 5,000 3,377 24,075 34,926		

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Subtital Monitoring: Eelgrass Communities Project # 96106

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual Original Expenditures Budget & Obligations Variance				
Personnel	\$ 13,360	\$	13,163	\$	197
Travel	-		-		-
Contractual	2,140		6,962		(4,822)
Commodities	10,400		7,629		2,771
Equipment	 				
Project Total	\$ 25,900	\$	27,754	\$	(1,854)

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Status and Ecology of Kittlitz Murrelet in PWS

Project # 96142-BAA

	(ariance			
Personnel	\$	115	\$ -	\$	115
Travel		-	-		-
Contractual		160,685	154,164		6,521
Commodities		-	_		-
Equipment			<u> </u>		
Project Total	\$	160,800	\$ 154,164	\$	6,636

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Abundance and Distribution of Forage Fish and Their Influence on Injured Species Project # 96163A

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Expenditures					
•		Budget		& Obligations		Variance		
Personnel	\$	1,150	\$	-	\$	1,150		
Travel		-		307		(307)		
Contractual		405,450		410,181		(4,731)		
Commodities		-		-		-		
Equipment		*		-		-		
Project Total	\$	406,600	\$	410,488	\$	(3,888)		

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Fish Diet Overlap Using Fish Stomach Content Analysis Project # 96163C

	Actual							
	Original Budget		Expenditures & Obligations					
					Variance			
Personnel	\$	5,200	\$	3,020	\$	2,180		
Travel		5,100		4,359		741		
Contractual				3,406		(3,406)		
Commodities		3,000		622		2,378		
Equipment		-		-		*		
Project Total	\$	13,300	\$	11,407	\$	1,893		

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Diet Composition, Reproductive Energetics, and Productivity of Seabirds Project # 96163G

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Original Budget	Actual penditures Obligations	Variance		
Personnel	\$	230	\$ <u>-</u>	\$	230	
Travel		-	_		-	
Contractual		170,970	167,119		3,851	
Commodities		-	-		-	
Equipment		-	 			
Project Total	_\$	171,200	\$ 167,119	\$	4,081	

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration
APEX Planning and Project Leader

Project # 96163I

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$	_	\$	-	\$	-	
Travel		-		-		-	
Contractual		-		-		-	
Commodities		-		-		-	
Equipment							
Project Total	\$		\$		\$		

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Historic Review of Ecosystem Structure in the PWS/GOA Complex Project # 96163L

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual							
	Original		Exp	enditures				
	I	Budget		bligations	Variance			
Personnel	\$	9,660	\$	-	\$	9,660		
Travel		1,000		466		534		
Contractual		22,440		28,290		(5,850)		
Commodities		-		1,381		(1,381)		
Equipment		12,000		-		12,000		
Project Total		45,100	\$	30,137	\$	14,963		

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration
Sand Lance Hydrocarbon Exposure

Project # 96163P

	Actual Original Expenditures Budget & Obligations				Variance	
Personnel	\$	-	\$	-	\$	-
Travel		-		-		-
Contractual		21,400		20,890		510
Commodities		•		-		-
Equipment		-				
Project Total	\$_	21,400	\$	20,890	\$	510

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Injury to Salmon Eggs and Pre-emergent Fry Incubated in Oil Gravel Project # 96191B

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

		Original Budget	•				
Personnel	\$	123,600	\$	125,240	\$	(1,640)	
Travel		9,500		4,718		4,782	
Contractual		-		9,359		(9,359)	
Commodities		10,500		7,914		2,586	
Equipment	•	-		*			
Project Total	_\$	143,600	\$	147,231	\$	(3,631)	

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Pristane Monitoring in Mussels and Predators of Juvenile Pink Salmon & Herring Project # 96195

	Original Budget		Actual Expenditures & Obligations		. Variance	
Personnel	\$ 58,420	\$	57,022	\$	1,398	
Travel	32,300		32,481		(181).	
Contractual	180		3,984		(3,804)	
Commodities	15,800	•	16,838		(1,038)	
Equipment	 		-		-	
Project Total	\$ 106,700	\$	110,325	\$	(3,625)	

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Hydrocarbon Data Analysis, Interpretation, and Database Maintenance Project # 96290

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Original Budget		Actual penditures Obligations	Variance		
Personnel	\$ 103,525	\$	98,355	\$	5,170	
Travel	4,600		3,800		800	
Contractual	2,675		1,650		1,025	
Commodities	2,500		4,512		(2,012)	
Equipment	-		5,062		(5,062)	
Project Total	\$ 113,300	\$	113,379	\$	(79)	

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Chenega-Area Shoreline Residual Oiling Reduction Project # 96291

,	Original Budget	Exp	Actual enditures bligations	Variance	
Personnel	\$ -	\$	-	\$	
Travel	500		-		500
Contractual	-		-		-
Commodities	-		-		-
Equipment			-		
Project Total	\$ 500	\$		\$	500

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Isotope Tracers - Food Webs of Fish

Project # 96320I

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual								
	Original		Ex	peņditures					
		Budget	& Obligations		Variance				
Personnel	\$	-	\$		\$				
Travel		-		-		-			
Contractual		187,000		185,324		1,676			
Commodities		-		-		-			
Equipment									
Project Total	\$	187,000	\$	185,324	\$	1,676			

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Information Systems and Model Development

Project # 96320J

	Original Budget	Ex.	Variance		
Personnel	\$ _	\$		\$	-
Travel	-		-		-
Contractual	562,800		553,154		9,646
Commodities	-		-		-
Equipment	 <u> </u>		-		<u>-</u>
Project Total	\$ 562,800	\$	553,154	\$	9,646

U.S. Department of Commerce, National Oceanic and Atmospheric Administration
Physical Oceanography in PWS
Project # 96320M

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1996

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$		\$	-	\$	-	
Travel		-		-		-	
Contractuai		454,100		449,472		4,628	
Commodities						_	
Equipment		-		-		-	
Project Total	\$	454,100	\$	449,472	\$	4,628	

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Nekton/Plankton Acoustics

Project # 96320N

	Original	Variance			
	 Budget	~ (Obligations	v	ariance
Personnel	\$ -	\$	-	\$	-
Travel	-		-		-
Contractual	379,300		375,109		4,191
Commodities	-		-		-
Equipment	 -		-		-
Project Total	\$ 379,300	\$	375,109	\$	4,191

U.S. Department of Commerce, National Oceanic and Atmospheric Administration EVOS Symposium Publication

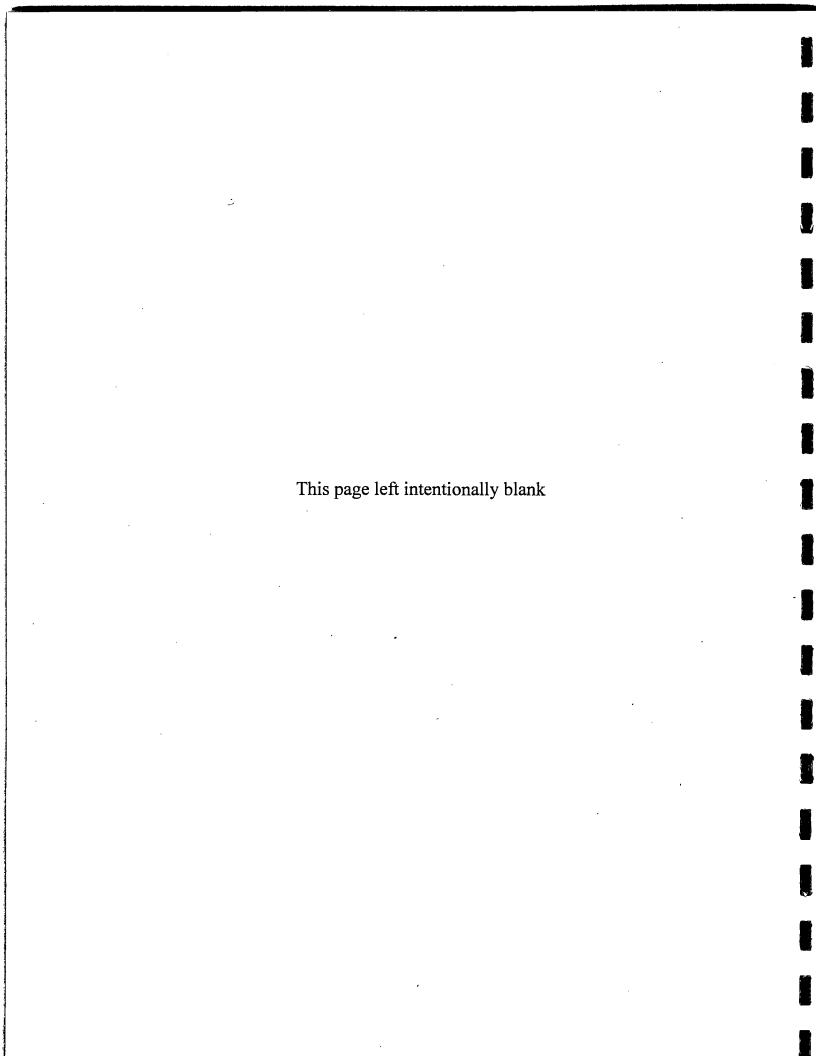
Project # 96507

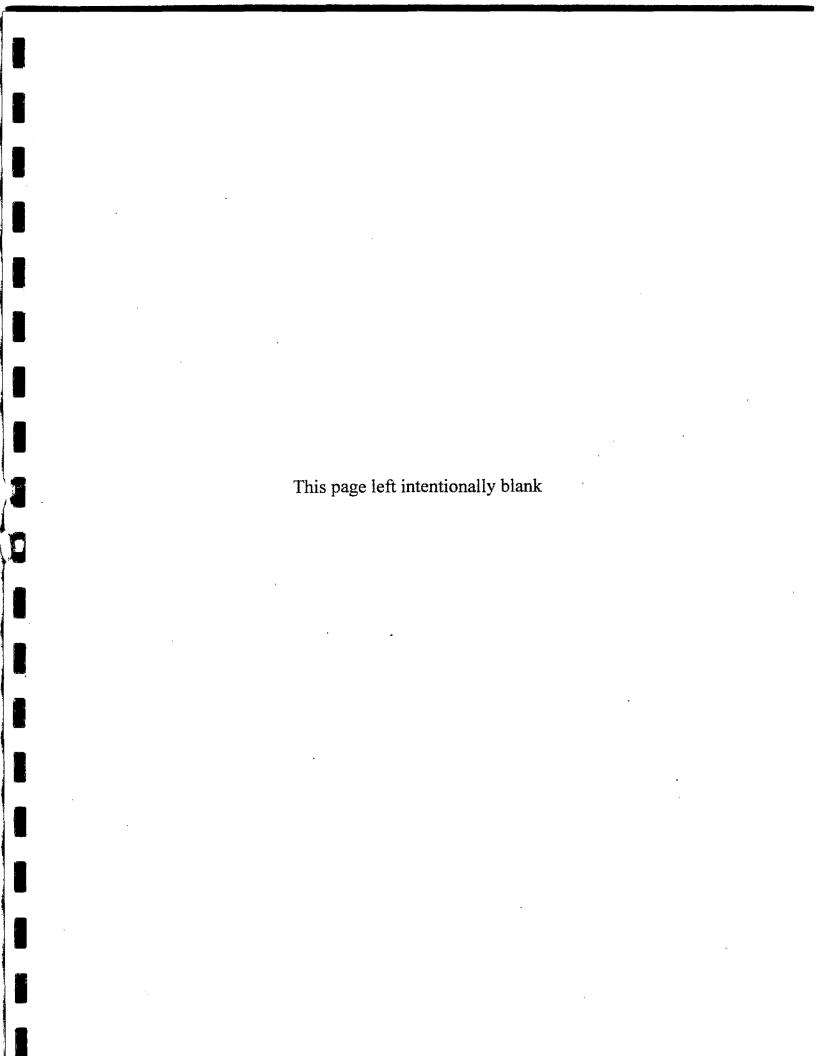
	Original		Actual Expenditures			
	Buc	dget	& Obligations		Variance	
Personnel	\$	-	\$	-	\$	•
Travel		-		-		
Contractual		-		-		-
Commodities		-		•		-
Equipment		-				_
Project Total	\$	•	\$	_	\$	-

Exxon Valdez Oil Spill Trustee Council Schedule of Fiscal 1995 Work Plan Status as of September 30, 1996

	Budget	Actual Expenditures & Obligations as of 9/30/95	Actual Expenditures & Obligations as of 9/30/96	Increase (Decrease)
Alaska Departments of:				
Fish & Game	\$ 13,488,1	00 \$ 12,543,504	\$ 12,441,209	\$ (102,295)
Environmental Conservation	2,254,2	00 1,492,970	1,489,502	(3,468)
Natural Resources	1,730,3	00 1,161,948	1,162,229	281
Total State of Alaska	17,472,6	00 15,198,422	15,092,940	(105,482)
United States Departments of:				
Agriculture, United States Forest Service	1,615,1	00 2,327,220	2,516,779	189,559
Interior:				
Fish & Wildlife Service	1,532,2	00 1,266,599	1,267,261	662
National Biological Service	765,3	00 743,106	747,241	4,135
National Park Service	91,4	00 63,407	61,706	(1,701)
Minerals Management Service	17,4	9,469	9,434	(35)
Office of the Secretary	71,2	00 71,200	49,860	(21,340)
Commerce, National Oceanic & Atmospheric				
Administration	3,242,9	00 2,965,273	2,964,844	(429)
Total United States	7,335,5	00 7,446,274	7,617,125	170,851
Totals	\$ 24,808,1	00 \$ 22,644,696	\$ 22,710,065	\$ 65,369

See Note 5 of the Notes to Supplementary Information Related to Restoration Projects on Page 98 for additional discussion relating to this schedule.





NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 1996

1. PRESENTATION

The information presented in the accompanying Schedules of Expenditures and Obligations - Budget and Actual present the budgets for each project approved by the Exxon Valdez Trustee Council (Council) as included in the Council's Fiscal Year 1996 Work Plan, and any amendments approved thereto, along with expenditures and obligations incurred by the Trustee Agencies in carrying out the Fiscal 1996 restoration projects, only. The information presented is not intended to present the results of operations of any other activities conducted by the Trustee Agencies. Expenditures incurred by the Trustee Agencies in Fiscal 1996 relating to restoration projects of prior years and to the liquidation of prior year encumbrances, is also not presented. The procedures used to develop and implement the project budgets for Fiscal 1996 are discussed in Note 6 to the Trust Fund Financial Statements.

The schedules titled "Department Total" for each agency reflect total budgets, expenditures and obligations for each Trustee Agency.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues, expenditures and the related assets and liabilities are recorded in the accounts and financial statements. Specifically it relates to the timing of the financial measurements made, regardless of the measurement focus applied.

As discussed in Note 2 to the Trust Fund Financial Statements, the State of Alaska accounts for the expenditure of funds from the State of Alaska, Exxon Valdez Oil Spill Settlement Trust (Settlement Trust) on the modified accrual basis of accounting.

As discussed in Note 2 to the Trust Fund Financial Statements, the United States accounts for the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R) on the cash basis of accounting. However, the United States Trustee Agencies use modified accrual accounting to account for the expenditure of funds within each agency. Expenditures are recorded when the related liability is incurred. Encumbrance (obligation) accounting, under which purchase orders and contracts for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary integration of the United States Government. Encumbrances (obligations) outstanding at year-end are included in the Actual Expenditures & Obligations column in the accompanying Schedules of Expenditures and Obligations - Budget and Actual.

3. FINANCIAL OPERATING PROCEDURES

On September 21, 1992, the Council adopted <u>Financial Operating Procedures</u> (Procedures) to be used by the United States and State of Alaska Trustee Agencies in conducting restoration projects. The objective of the Procedures was to ensure public trust and accountability while maximizing the Council's ability to use settlement funds for approved restoration activities. On August 29, 1996, the Trustee Council adopted Procedures that supersede the Operating Procedures adopted by the Trustee Council September 21,1992. The purpose of the adopted Procedures was to provide guidance regarding the authorities and responsibilities of agencies that receive Joint Trust Funds approved by the Trustee Council.

NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 1996

3. FINANCIAL OPERATING PROCEDURES (Continued)

Adjustments

The Procedures allow Trustee Agencies to transfer funds into or out of projects up to the cumulative amount of \$25,000 or up to ten percent of the authorized level of funding for each affected project, whichever is less, provided that such transfers will not alter the underlying scope or objectives of the project. Transfers in excess of this amount must be approved by the Council. The budget amounts presented include transfers made between projects by the agencies, which were approved by the Executive Director or were made in accordance with the Procedures.

Single Project Budget Transfers

The Procedures authorize Trustee Agencies to transfer, within a single project, budgeted funds between object classes (such as personnel, travel and contractual costs), and may change detailed items of expenditure, including specific personnel, to accommodate circumstances encountered during budget implementation, provided that such transfers will not alter the underlying scope or objectives of the project. The budget amounts presented do not include such transfers made by the agencies.

General Administration

The Procedures include a provision for general administration costs to be included in the budgets of the restoration projects. Actual recovery of general administrative costs shall be in proportion to actual direct costs and is limited to:

- 1. Fifteen percent of each project's actual personnel costs; and
- 2. Seven percent of the first \$250,000 of each projects actual contractual costs, plus two percent of project's actual contractual costs in excess of \$250,000.

Amounts budgeted and expended on projects for general administration are included in the personnel and contractual lines as appropriate in the accompanying Schedules of Expenditures and Obligations - Budget and Actual.

4. SETTLEMENT TRUST RECONCILIATION

Total Current Operating Expenditures reflected in the State of Alaska, Exxon Valdez Oil Spill Settlement Trust (Settlement Trust), Statement of Revenues, Expenditures and Changes in Fund Balances reconcile to Actual Expenditures and Obligations reflected in the accompanying "Department Totals" Schedules of Expenditures and Obligations - Budget and Actual for each State Trustee Agency as follows:

Actual Expenditures and Obligations, "Department Totals"		
Schedules of Expenditures and Obligations - Budget and Actual		
Alaska Department of Fish and Game	\$	11,758,711
Alaska Department of Environmental Conservation		261,210
Alaska Department of Natural Resources		1,882,384
Total		13,902,305
Add: Prior Years' Encumbrances Liquidated During Fiscal 1996		2,075,282
Less: Encumbrances Outstanding at September 30, 1996 Relating to Fiscal 1996 Restoration Projects		(1,150,395)
Total Current Operating Expenditures, Settlement Trust Statement of Revenues, Expenditures and Changes in	e	14,827,192
Fund Balances	\$	14,027,192

NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 1996

5. CURRENT STATUS OF 1995 WORK PLAN RESTORATION PROJECTS

To	tal expenditures	and o	bligations	relatii	ng to	1995	Work	Plan	Restora	ation	n Project	s fo	r each	n a	gency a	as of
	September 30,	1996	is present	ed on	page	95.	This	infor	mation	is i	ncluded	in e	order	to	reflect	any
	changes in expe	enditu	res and obl	igatio:	ns fro	m am	ounts	previ	ously re	por	ted.					

- The first significant change, a decrease in the amounts previously reported for the Alaska Department of Fish & Game, is due to encumbrances existing at September 30, 1995 which, during fiscal 1996, were canceled due to incurring less expenditures under contracts than the amounts originally anticipated by the agency.
- The second significant change, an increase in the amounts previously reported for the U.S. Department of Agriculture, Forest Service, is due to invoices, related to the land acquisition program, approved by the Trustee Council but exceeding the amount obligated in prior year.



INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

We have audited the financial statements of the Exxon Valdez Oil Spill Trustee Council, Court Registry Investment System, Exxon Valdez Oil Spill Settlement Account as of and for the year ended September 30, 1996, and have issued our report thereon dated January 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Exxon Valdez Oil Spill Trustee Council, Court Registry Investment System, Exxon Valdez Oil Spill Settlement Account is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Exxon Valdez Oil Spill Trustee Council, Court Registry Investment System, Exxon Valdez Oil Spill Settlement Account for the year ended September 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of

performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Exxon Valdez Oil Spill Trustee Council in a separate letter dated January 23, 1997.

This report is intended for the information of the Exxon Valdez Oil Spill Trustee Council and management. However, this report is a matter of public record and its distribution is not limited.

January 23, 1997

gel, Kehfeld & Fru K

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

We have audited the financial statements of the Exxon Valdez Oil Spill Trustee Council, U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund as of and for the year ended September 30, 1996, and have issued our report thereon dated January 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Exxon Valdez Oil Spill Trustee Council, U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Exxon Valdez Oil Spill Trustee Council, U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund for the year ended September 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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Elgee, Relifield of fruik
January 23, 1997

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

We have audited the financial statements of the Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust as of and for the year ended September 30, 1996, and have issued our report thereon dated January 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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Edgel, Relabeld for the information of the Exxon Valdez Oil Spill Trustee Council and management.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

Elgel, Relifeld & Funk

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We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Exxon Valdez Oil Spill Trustee Council, Court Registry Investment System, Exxon Valdez Oil Spill Settlement Account is the responsibility of it's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Exxon Valdez Oil Spill Trustee Council, Court Registry Investment System, Exxon Valdez Oil Spill Settlement Account's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not, express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Exxon Valdez Oil Spill Trustee Council in a separate letter dated January 23, 1997.

This report is intended for the information of the Exxon Valdez Oil Spill Trustee Council and management. However, this report is a matter of public record and its distribution is not limited.

January 23, 1997



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

Elger, Rehteld & FUMK

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January 23, 1997



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

Elgee, Kenfeld & fun K

We have audited the financial statements of the Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust as of and for the year ended September 30, 1996, and have issued our report thereon dated January 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

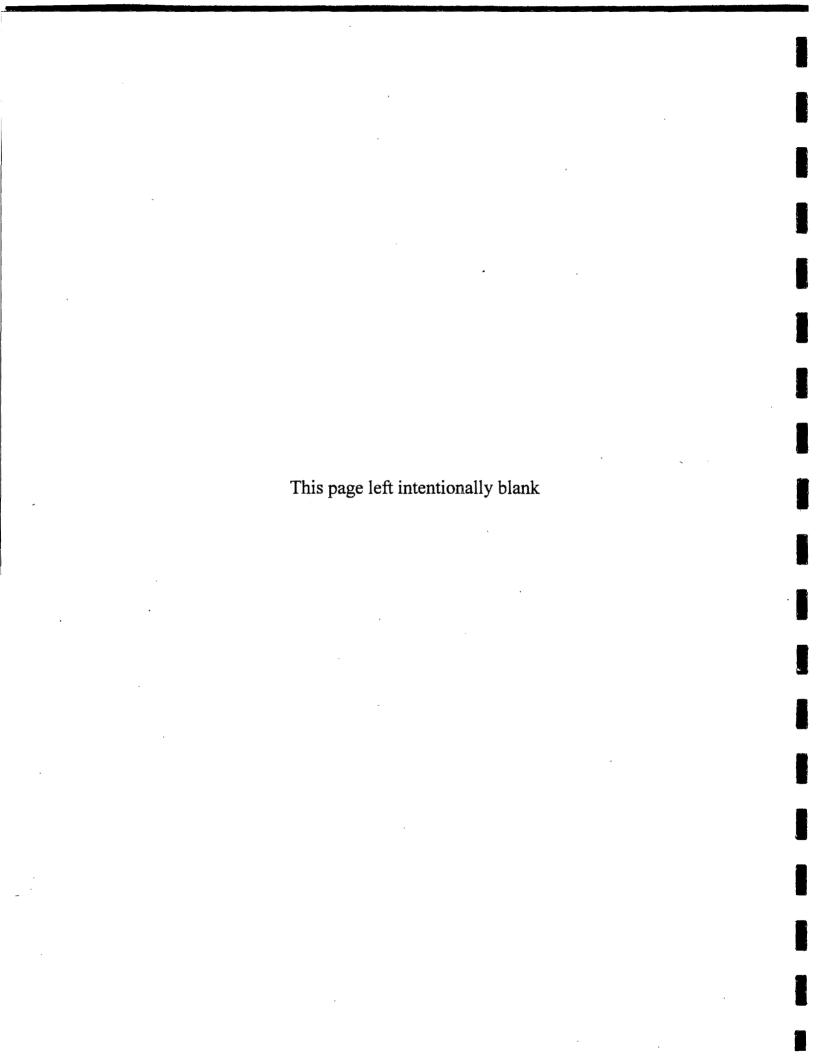
Compliance with laws and regulations applicable to the Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust is the responsibility of it's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not, express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Exxon Valdez Oil Spill Trustee Council in a separate letter dated January 23, 1997.

This report is intended for the information of the Exxon Valdez Oil Spill Trustee Council and management. However, this report is a matter of public record and its distribution is not limited.

January 23, 1997



Internal Control and Operating Comments

January 26, 1996

INTERNAL CONTROL AND OPERATING COMMENTS AND RECOMMENDATIONS

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January 26, 1996

Members, Exxon Valdez Oil Spill Trustee Council, Anchorage, Alaska:

Elger, Relifeed & Fruk

Dear Members:

In planning and performing our audit of the financial statements of the Exxon Valdez Oil Spill Trustee Council, Trust Funds as of and for the year ended September 30, 1995, we considered the internal control structure used to administer the Trust Funds and used to expend funds related to restoration projects conducted by the Federal and State Trustee Agencies. This was done in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. We have not considered the internal control structure since the date of our report.

However, during our audit we noted certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 26, 1996, on the financial statements of the Exxon Valdez Oil Spill Trustee Council, Trust Funds.

We have organized our comments by Trustee Agency. Those comments that relate to all Trustee Agencies or to other matters that came to our attention precede the individual Trustee Agency comments.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with appropriate personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would also like to thank Molly McCammon, Traci Cramer and the members of the Federal and State Trustee Agencies with whom we worked for their assistance during the audit. They worked very intently to ensure that the audit was completed as smoothly and as efficiently as possible.

Sincerely,

INTERNAL CONTROL AND OPERATING COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Improve General Administration Budgeting and Expenditure Control

The Exxon Valdez Oil Spill Trustee Council ("Council") Financial Operating Procedures allow for restoration budgets to include costs related to general administration of the projects. These general administration funds are intended to reimburse the Trustee Agencies for indirect costs such as office space, office utilities, fixed telephone charges and all normal agency services for administering the projects. The general administration budgets are calculated based on a percentage of direct project costs -- 15 percent of each project's direct personnel costs, and up to 7 percent of the first \$250,000 of each project's contract costs, plus 2 percent of project costs in excess of \$250,000.

During our audit we noted the following with respect to reimbursement of general administration costs:

Finding -

1. The Financial Operating Procedures do not require that the amounts budgeted for general administration on each project be expended in proportion to the actual direct project costs incurred for the year. For example, if only one-half of a project's direct budget is expended, the Trustee Agencies may still expend all of the general administration budget. For fiscal 1995, we noted that some Trustee Agencies expended less than all of their direct project budgets, but expended 100 percent of their general administration budget on an Agency-wide basis, and noted some Agencies which expended a lower percentage of their general administration budgets than the direct project costs incurred for the year. We also noted that some Agencies did not monitor the expenditure of general administration separately from direct project expenditures. Only the Alaska Department of Natural Resources and the United State Forest Service expended their general administration budgets in proportion to actual direct costs incurred.

Recommendation -

We recommend that the Trustee Council modify the Financial Operating Procedures to require that the expenditure of general administration budgets be tied to the expenditure of direct project costs.

Finding -

2. The Financial Operating Procedures allow for Trustee Agencies to reallocate individual project budgets among the various object classes as is needed to carry out the intent of the project. For example, budgeted personnel costs may be reclassified to contractual costs. When these reclassifications are made, the Financial Operating Procedures do not require the Trustee Agencies to determine the effect on the general administration budget and recalculate the amount if required. Since the amount reimbursed for direct personnel costs is higher than that for direct contractual costs, when transfers are made between these two line items, the effect on the general administration budget can be significant. We identified several instances in which project budgets were modified to transfer funds between the personnel and contractual lines, without a corresponding change in general administration.

Recommendation -

We recommend that the Trustee Council modify the Financial Operating Procedures to require that Agencies calculate the effect of budgetary transfers within single projects on the general administration budget. If the effect is to decrease the net general administration budget, then that amount should not be expended but be used to reduce future transfers to the Trustee Agency. Any increase in the net general administration budget would have to be absorbed within the authorized budget or be brought back to the Council for approval.

Inter-Agency Transfers of General Administrative Costs

Finding -

During fiscal 1995, \$80,000, associated with project 95126 "Habitat Protection and Acquisition Support", was transferred from the United States Forest Service (USFS) to the Alaska Department of Natural Resources. The transfer related to contractual costs, and the USFS received \$3,580 for general administration associated with the originally approved budget for these costs. Upon transfer, the general administrative costs were not also transferred, and these funds were retained and expended by the USFS.

Recommendation -

We recommend that when interagency transfers are made, any associated general administration budgets be transferred as well.

Separate Project Management Budgets

Finding -

Each Trustee Agency incurs costs related to project management, which principally includes salary and related benefits. During fiscal 1995, project management costs, which included primarily salary and related costs, were allocated to each project's direct budget. As a result, each project's budget includes both direct project costs as well as project management costs. Therefore, it was difficult to separately identify the costs of project management.

Project management is important to the Council's restoration activities. Project managers perform tasks which include coordinating the activity between the principal investigators and the Restoration Office, reviewing project expenditure activity, assisting in the development of budgets, and ensuring that each agency complies with the Council's Financial Operating Procedures and the legal and regulatory environment affecting each Agencies' restoration projects. In the absence of project management, the internal control structure of each restoration project would deteriorate.

Recommendation -

We recommend that the Council define the project management function, segregate which personnel costs should be charged to such function, and develop separate project management budgets for each Trustee Agency. These budgets should then be approved by the Council separately from the restoration projects. By doing so, the costs associated with project management will be easily identifiable, and accountability for the Council's action will improve.

Obtain Detail from University of Alaska Fairbanks

Finding -

During fiscal 1995, several Trustee Agencies entered into several Reimbursable Service Agreements ("RSA's" for State Trustee Agencies) or contracts (for Federal Trustee Agencies) with the University of Alaska Fairbanks (UAF) for UAF to conduct restoration projects as approved by the Council. In certain instances, UAF in turn contracted with others to conduct the projects. In other instances, UAF conducted the projects.

The Trustee Agencies are responsible for ensuring public trust and accountability with respect to these projects.

UAF provided regular billings to the Trustee Agencies for reimbursement under the RSA's or contracts. UAF's billings did not include sufficient detail to support the amounts billed. Without this support, the Trustee Agencies' project managers cannot perform a detailed review of amounts billed, determine whether these items represent expenditures and encumbrances of the appropriate fiscal year, or compare those amounts to the budgets for the projects.

Recommendation -

We recommend that the Trustee Agencies include a stipulation in the RSA's or contracts with UAF that detail be provided (time and attendance records, encumbering documents, travel authorization forms, invoices, etc.) with bills to support the amounts claimed for reimbursement, as required and performed by all other contractors. This detail should be summarized by object code (personnel, travel, contractual, etc.), and should clearly indicate to which federal fiscal year bills relate.

Improve Review of Restoration Project Activity

Finding -

The project managers for each Federal and State Trustee Agency and the Restoration Office itself have financial reports available to them which reflect detailed expenditure and obligation activity for each restoration project. At several of the Trustee Agencies, these reports are not being reviewed to ensure that amounts charged to projects were proper and represented expenditures of the projects. A review of monthly detail expenditure reports by the project managers is necessary to ensure restoration projects are charged only for proper restoration expenditures, and to ensure that cumulative expenditures do not exceed the amounts budgeted for the projects.

Recommendation -

We recommend that project managers review monthly restoration project expenditure reports and the Restoration Office staff review its monthly detail expenditure activity. The reviewer should evaluate if project expenditures were properly approved and appropriate for the project, and if cumulative expenditures are within authorized budget limits.

Completion of Project Reports

Finding -

The Council's policy with regard to the funding of restoration projects is to fund activity only to be conducted during the current fiscal year. Annual or final reports for each project are typically written in the subsequent fiscal year. In order to fund this activity, each agency which conducted a project in fiscal 1994, received funding to write the reports for those projects in fiscal 1995. This funding was disbursed at the beginning of fiscal 1995, and the reports were to be drafted and submitted to the Council's Chief Scientist for review by April 15, 1995, unless specific arrangements were otherwise made.

As of September 30, 1995, the Restoration Office's records indicate that of 37 reports due for fiscal 1994, 16 reports still had not been submitted to the Chief Scientist for review. In addition, 3 reports of 77 for fiscal 1992, and 5 reports of 30 for fiscal 1993, also had not been submitted. These reports are an important part of the public record of the accomplishments and scientific findings of projects funded by the Council.

Recommendation -

During fiscal 1995, completion of reports has been markedly improved. We noted the Council and the Restoration Office have taken steps to ameliorate late reports by tying future project funding to the submission of these reports. We recommend that this policy be followed, and that all Trustee Agencies file project reports in a timely manner.

Timelines of Quarterly Expenditure/Obligation Reports

Finding -

The Financial Operating Procedures require that Trustee Agencies submit quarterly expenditure/obligation reports within 30 days after the end of each calendar quarter to the Executive Director's office. In addition, an annual report must be filed by November 30 following the close of the fiscal year. During fiscal 1995, many of these reports were not filed timely.

Recommendation -

We recommend that all financial reports be filed in a timely manner as required by the Financial Operating Procedures.

Require Lapse of Prior Year Project Authorizations

Finding -

Several Federal Trustee Agencies reported expenditures and obligations during the current fiscal year related to restoration projects conducted during fiscal years 1992 through 1994. The expenditures reported were made against unobligated balances from previous years project authorizations. The amounts made available to the Federal Trustee Agencies from the United States, Natural Resources Damage Assessment and Restoration Fund (NRDA&R) for Oil Spill related projects do not have a lapsing provision included in the appropriation language. As a result, the Federal Trustee Agencies may legally continue to incur and report expenditures against these appropriations. In addition, the State Trustee Agencies may continue to expend project appropriations until the end of the State Fiscal Year which follows the end of the Federal Fiscal Year. The Council, however, has stipulated that the funds made available for restoration projects are available only during the year for which the authorization was intended. In order to maximize accountability for expenditures related to restoration projects, the funds made available through Council authorizations must, at some date, expire.

Recommendation -

We recommend that the Council amend its Financial Operating Procedures to clarify and specify the procedures for lapsing of restoration project authorizations. These procedures should be uniformly followed by all Federal and State Trustee Agencies. Because certain obligations (encumbrances) against a fiscal year's restoration projects may not become known for some period after the end of the fiscal year, a closing provision should be included in the amended procedures. For example, the Council may want to consider a policy which includes the following steps:

- 1. After September 30 of each fiscal year, no new obligations may be incurred by a Trustee Agency relating to restoration projects of the fiscal year just ended.
- 2. During the months of October, November and December following the end of the fiscal year, the Trustee Agencies will expend, accumulate and record all expenditures and obligations related to restoration projects conducted during the fiscal year just ended.
- 3. By January 15, the Trustee Agencies will prepare final expenditure reports for the Restoration Office which will reflect all expenditures and obligations incurred by the Agencies on restoration projects for the fiscal year. These amounts will then reduce the disbursements from the Joint Trust Account with CRIS to fund future Federal and State projects.
- 4. As soon as practical after January 15, any unexpended or unobligated balances remaining at the Federal Trustee Agencies will be returned to NRDA&R who will confirm the receipt of the funds to the Restoration Office.
- 5. During the months of January through September following the close of the fiscal year just ended, the Federal and State Trustee Agencies will accumulate and record additional expenditures against the prior fiscal year's restoration projects. These amounts will then be reported to the Restoration Office who will review the expenditures and make a recommendation to the Council as to whether these amounts will be reimbursed.

Consolidate Restoration Office Budget

Finding -

During fiscal 1995, the budget of the Restoration Office was distributed among the Alaska Departments of Fish and Game, Environmental Conservation, and Natural Resources, and the U.S. National Oceanic and Atmospheric Administration (NOAA). Each of these Agencies was responsible for certain parts of the Restoration Office's activities. Segregation of the budget increased costs since each Agency which received a portion of the budget was reimbursed for general administration costs. Under the Financial Operating Procedures, the general administration reimbursement for contractual services decreases from 7 percent to 2 percent for amounts in excess of \$250,000. When the contractual budget is divided among several agencies, the amount of general administration reimbursed for amounts under \$250,000 increases.

Recommendation -

For fiscal 1996, the budget was somewhat consolidated with the Alaska Departments of Fish and Game, and Natural Resources, and NOAA administering the Restoration Office's activities. For the reasons described, however, we recommend that the budget be consolidated within one agency, to the extent possible.

Improve Controls Over Equipment Management

Finding -

Many of the budgets for fiscal 1995 restoration projects included provisions for the purchase of equipment by Trustee Agencies to conduct restoration projects. Total equipment purchases for fiscal 1995 were \$359,700. In addition, total commodities expenditures of \$846,800 included items which may have useful lives longer than one year. The Financial Operating Procedures state that all equipment purchased with settlement funds, at a cost of \$500 or more, and other sensitive items as defined by State and Federal procedures, will be monitored by the Council. To achieve this, the Financial Operating Procedures require that by December 31 of each year, agencies must report to the Executive Director all such equipment which is still functioning or has value. Trustee Agencies are also to report all such equipment which during the previous fiscal year has ceased to function or have value. During fiscal 1995, these requirements were not adequately achieved.

Proper accounting controls over expenditures should include the management of equipment purchased with settlement funds. However, the Financial Operating Procedures, as currently written may be cumbersome to adhere to. Items purchased with values over \$500 may not have useful lives in excess of one year. The benefit derived from monitoring the volume of items near the \$500 level may be small in relation to the cost of the monitoring procedures. In addition, equipment purchased by contractors or others with restoration funding should be monitored so that these items remain available for future restoration projects.

Recommendation -

We recommend that the Council review and modify the equipment procedures identified in the Financial Operating Procedures so the Council can obtain the maximum benefit from the monitoring process. Future equipment purchases may be reduced if an effective equipment management system is implemented which routinely updates and tracks equipment and which provides an inventory of functional equipment purchased with settlement funds.

State of Alaska Audit Requirement

Finding -

The State of Alaska requires certain recipients of state financial assistance to be subject to an audit under 2AAC45.010. This requirement extends automatically to recipients who receive certain types of state financial assistance in excess of prescribed amounts. During our audit, we noted that the budget for the restoration projects conducted by the Prince William Sound Science and Technology Institute ("Science Center") included direct costs for the Science Center's annual audit in the amount of \$13,500. This was due to the fact that the

contract for the restoration projects with the State Department of Fish and Game included a requirement that the Science Center have an audit in accordance with 2AAC 45.010. This audit was performed as required by the contract.

On November 30, 1995, the Director of the Division of Audit and Management Services, Office of Management and Budget of the State of Alaska issued a memorandum in which he concluded that payments by the State of Alaska to the contractors performing the scope of work approved by the Council, do not constitute state financial assistance under 2AAC 45.010. As a consequence, based on the nature of the payments received, he does not believe that such contractors must have an audit under 2AAC 45.010. This conclusion was reached based on his understanding that the process used by the Council to approve disbursement of funds from the Joint Trust Account with CRIS is primarily Council driven, that is, the Council makes the decisions on which projects to fund.

Recommendation -

If the Council, or the State, chooses to implement the State Audit Requirement, they may still do so. However, restoration funds received by contractors through the State are not automatically subject to the audit requirement. We recommend that the Executive Director of the Restoration Office annually review those contractors receiving restoration funds from the State of Alaska and make a determination whether the State Audit Requirement will be required. In making this determination, the Executive Director would consider whether the Council needs some level of assurance over and above state and federal agency review of expenditure documentation, and the annual audit conducted of the Trust Funds by this firm. If an audit requirement is made, then the contractors could include this cost in their contract to provide restoration project services.

COURT REGISTRY INVESTMENT SYSTEM - JOINT TRUST ACCOUNT

Reduce Registry Fees

Finding -

From inception of the Joint Trust Account with the Court Registry Investment System (CRIS) to date, CRIS has charged a fee of 10 percent of earnings on Joint Trust Account balances. These fees are known as "Registry Fees", and are assessed in accordance with federal statutes. The following table shows the balances in the Joint Trust Account with CRIS and the registry fees paid each fiscal year since inception. Amounts shown are as of and for the fiscal years ending September 30:

Fiscal Year	Registry Fees Paid	Balance at September
1992	\$ 3,189	\$ 24,003,798
1993	273,780	123,833,097
1994	308,160	134,813,760
1995	 542,728	117,067,523
1	\$ 1,127,857	

CRIS, which is administered by the Court Clerk for the U.S. District Court for the Southern District of Texas, operates in a manner substantially different from the usual process used by Court Clerks in administering registry funds like the Joint Trust Account. The structure used to administer CRIS allows for minimal involvement by the Court Clerk's staff and, therefore, the costs to administer CRIS are much lower than costs to administer other registry funds. Based on our understanding of CRIS, the Registry Fee charged the Joint Trust Account greatly exceeds the costs incurred by the Court Clerk in administering CRIS. In addition, our discussions with the Court Clerk indicate that there may be some flexibility in the rate charged.

Recommendation -

Due to the significance of this matter, we provided the Executive Director with a letter dated February 1, 1996, explaining this issue and recommended that immediate action be initiated. A copy of this letter is included at Appendix 1. The Executive Director and her staff have already commenced discussions with their legal counsel regarding the revision of the fee. We recommend that these discussions be pursued.

Improve Disbursements Process

Finding -

Currently, when disbursements are made from the Joint Trust Account with CRIS to the Federal and State governments, the Court Clerk in Houston transfers the appropriate amount to the Court Clerk for the U.S. District Court, District of Alaska in Anchorage. This transfer occurs within the U.S. Treasury system. The Court Clerk in Anchorage then issues checks, as stipulated in the Joint Applications for Disbursement, to the State or Federal governments. Because of the administrative procedures involved, the time lag between when the funds are liquidated in CRIS and when the checks are again reinvested in the interest-bearing trust funds maintained by the State and Federal Governments is at least seven days. During this time lag, the funds are obviously not earning interest. We estimate that during fiscal 1995, the interest lost due to this time lag was approximately \$95,000.

Based on discussions with the Court Clerks in Anchorage and Houston, the Anchorage Court Clerk does not have the ability to wire transfer funds. However, the Houston Court Clerk does. (Apparently the Houston Clerk is one of two or three Court Clerks in the country that has the ability to initiate wire transfers.) It appears that the Houston Court Clerk could make the wire transfers directly from Houston. The Anchorage Clerk would generate a voucher to initiate the transfer and fax this voucher to Houston prior to the wire transfer. In this manner, the Anchorage Court continues to control the disbursement process.

Recommendation	
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Due to the significance of this matter, we provided the Executive Director with a letter dated February 1, 1996, explaining this issue and recommended that immediate action be initiated. A copy of this letter is included at Appendix 1. We recommend that the Council instruct staff to determine whether a wire transfer process is feasible. By making this change, we feel that the lag time between liquidation at CRIS and reinvestment in the State or Federal Trust Funds could be reduced by approximately five days.

Establish Reserve Fund

Finding -

On November 2, 1994, the Council approved the transfer of \$24 million into a Reserve Fund with CRIS. The transfer was made in order to provide funds which will be available for restoration work after the year 2001 when the final payments from Exxon are received and which will, in the interim, be invested in long term securities earning higher rates of interest than those available through the Joint Trust Account. In addition, on September 6, 1995, the Council approved a transfer of an additional \$12 million into the Reserve Fund. As of the date of this letter the Reserve Fund has still not been established.

Recommendation -

We recommend that the Reserve Fund be established at the earliest possible date in order to achieve the objective of the Council.

UNITED STATES, NATURAL RESOURCES DAMAGE ASSESSMENT AND RESTORATION FUND

NRDA&R Cash Disbursements Process

- As discussed in the Trust Funds Financial Statements, all disbursements from the Joint Trust Account with CRIS which are intended for Federal Trustee Agencies are deposited in the Natural Resources Damage Assessment and Restoration (NRDA&R) Fund. NRDA&R invests the proceeds to earn interest, which is made available to the Council to provide additional funding to carry out the Council's activities. Upon disbursement of settlement funds from NRDA&R to the Federal Trustee Agencies, these funds no longer accrue interest. It is therefore, in the Council's interest to maximize the period of time that settlement funds remain in NRDA&R.
- The U.S. Department of Interior, Fish and Wildlife Service (DOI/FWS) officials who manage NRDA&R have developed a process by which each Federal Trustee Agency communicates with NRDA&R to indicate the timing of disbursements. NRDA&R then purchases investments with scheduled maturity dates coincident with the scheduled disbursement. However, we noted several matters with respect to this process which should be refined.

Finding -

Amounts approved for restoration projects do not become available for expenditure by the Federal Trustee
Agencies until disbursements are made from NRDA&R. For this reason, each disbursement from NRDA&R to
the Federal Trustee Agencies represents a separate authorization to spend. Due to the structure of the financial
system for DOI, this creates difficulties for these Agencies since they must account for and record several
authorizations during each fiscal year.

Recommendation -

We recommend that the Council determine whether it is possible to authorize the Agencies' approved restoration projects upon disbursement of funds to NRDA&R from CRIS. By doing so, each Agency would need to account for and record a single authorization each fiscal year. The Council may also want to consider reimbursing the Trustee Agencies for restoration project work performed during the fiscal year rather than advancing the funds to the Trustee Agencies as currently done.

Finding -

2. The processes used by DOI to allocate funds through the hierarchy of its financial system is complex. Upon project approval and the subsequent transfer from NRDA&R to each DOI agency, restoration funds must pass through several steps before ultimately becoming available within the financial system for the Agencies to expend. During fiscal 1995, this time lapse was up to two months. During this period the principal investigators began to plan and implement the projects, and in doing so incurred costs. The fiscal officers at the DOI Agencies charged these costs to other non-restoration appropriations, until the funds became available. Once the funds were available, the fiscal officers then reallocated the costs within the financial system. The reallocation process is cumbersome, results in additional staff time to perform the reallocation, and may result in some errors in the amounts charged to restoration projects. In addition, this process impedes the project managers' ability to perform a timely review of project expenditures with respect to the budget.

Recommendation -

As in the previous point, we recommend that the Council determine whether it is possible to authorize the Agencies' approved restoration projects upon disbursement of funds to NRDA&R from CRIS., and pending disbursement from NRDA&R. The Council may also want to consider reimbursing the Trustee Agencies for restoration project work performed during the fiscal year rather than advancing the funds to the Trustee Agencies as currently done.

Finding -

3. Currently, the communication between each Federal Trustee Agency and the DOI/FWS officials who manage NRDA&R concerning the timing of disbursement from NRDA&R is not formalized or reviewed. In some instances, the communication between NRDA&R and the Federal Trustee Agencies is verbal, in some instances it is written. In addition, the disbursement schedule is not reviewed by a third party. The disbursements process from NRDA&R is important since upon disbursement, funds no longer accrue interest.

Recommendation -

We recommend that the Council develop a schedule to be used by all Federal Trustee Agencies to determine the timing of disbursements from NRDA&R. This schedule would reflect the timing of the disbursement of funds by project and fiscal quarter, and would be submitted with the budgets for each project. In preparing the schedule, the Agencies should give consideration as to when the restoration projects will be conducted, and when each project's costs will be incurred. These schedules would then be reviewed by the Restoration Office as part of the current review and approval process for projects.

Transfers from NRDA&R - Prior Years Projects

Finding -

During fiscal 1995, DOI/FWS incurred approximately \$102,000 in expenditures during fiscal 1995 related to restoration projects approved for fiscal years 1992, 1993, and 1994. These expenditures were reported to the officials responsible for administering the NRDA&R. As a result, \$105,000 was transferred to DOI/FWS to reimburse them for these expenditures. It is unclear why an additional \$3,000 was distributed. However, the transfer was not subjected to review and approval by the Council.

Recommendation -

In order to maintain accountability for settlement proceeds, all amounts transferred from NRDA&R should be approved by unanimous approval of the Council. We recommend that in the future all such transfers be first submitted to the Restoration Office for review and approval by the Council.

STATE OF ALASKA, EXXON VALDEZ OIL SPILL SETTLEMENT TRUST
We have no comments with respect to the State of Alaska, Exxon Valdez Oil Spill Settlement Trust.
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ALASKA DEPARTMENT OF FISH AND GAME

Timeliness of Contractor Invoicing

Finding -

Fish and Game routinely enters into contracts for services to be provided by outside vendors in relation to restoration project activity. Many of these contracts had significant encumbrances remaining at fiscal year end, which were not liquidated as of the end of our fieldwork. As a result, we were unable to observe invoices relating to the close-out of these contracts. It appears that this is principally due to contractors not providing invoices in a timely manner. Most of these encumbrances are associated with contracts with the Science Center and RSA's with UAF. Timely filing of invoices by vendors is important in order for the project managers to make an adequate and sufficient review of activity related to each fiscal year's restoration projects. Final project invoices should receive the closest attention so that the Department can ensure that all amounts invoiced are reasonable and proper.

Recommendation -

We recommend that Fish and Game modify contracts for restoration project activity to require timely invoicing by contractors. Final contract invoices should be reviewed by the project manager with each contractor to ensure that amounts reflected in the invoices are reasonable and proper.

Review Prior Year Encumbrances

Finding -

At September 30, 1995, the encumbrance balance reflected in the Alaska State Accounting System ("AKSAS") for Fish and Game included approximately \$235,383 related to encumbrances made prior to September 30, 1994. Of this amount, \$206,061 is encumbered through RSA's with UAF. It appears that some of these encumbrances should be canceled as they no longer represent valid encumbrances of the State. The amounts with UAF cannot be canceled by Fish and Game unilaterally. All cancellations of RSA's with UAF must be agreed to by UAF.

Recommendation -

We recommend that Fish and Game review encumbrances outstanding from prior years and cancel those encumbrances no longer valid. The Department's project managers should conduct this review periodically in future periods. For those RSA's with UAF, Fish and Game should develop an agreement with UAF that sets timetables and processes for canceling all current and future RSA's.

Improperly Approved Travel Authorizations

Finding -

The State of Alaska Administrative Manual requires that all in-state travel be approved by the employee's supervisor or designee prior to travel. Our procedures for the audits of the restoration projects included selecting and testing a sample of non-payroll transactions charged to restoration projects. As a result of this testing, we identified 3 instances, of 11 travel disbursements tested, in which the Travel Authorization form did not include a date to indicate the timing of approval for travel by the employee. In the absence of the date, we were unable to determine whether authorization was made prior or subsequent to the employees' trips.

We also noted that the Travel Authorization forms for travel by employees of the Commercial Fisheries Management and Facilities Division were approved by an Accounting Tech I, rather than the employees' supervisor. This person has been properly designated to perform this service, and therefore the Division was in compliance with the Alaska Administrative Manual. However, this individual is not sufficiently knowledgeable of the restoration project activity to adequately assess the appropriateness of requested travel.

Recommendation -

We recommend that all travel be approved prior to employees' trips and that this be evidenced on the Travel Authorization form. Approval should be by an employee's supervisor or some other designee knowledgeable of the restoration project activity.

Accurate Recording of Payroll Activity

Finding -

Our procedures with respect to restoration projects included the selection and testing of payroll transactions charged to the projects. The State's payroll system ("AKPAY") allows for employees' work effort to be predesignated. In other words, employees payroll charges can be charged to a specific project, or projects, without the need for payroll clerks to input the appropriate account codes each pay period. For employees who work on a single project for several consecutive pay periods, this process is appropriate. However, there are numerous employees who work on several projects during a single pay period. These employees' time is charged to specified projects based on the predesignation established in AKPAY. As a result, the employees' work efforts are not accurately represented by the percentage of their payroll charged to each project.

Recommendation -

We recommend that account coding for employees working on several restoration projects at once not be predesignated within AKPAY. For such employees, time should be accurately maintained by project on a daily basis. Employees' time should be recorded daily on the employees' Time and Attendance Reports, which should be used for reporting time to AKPAY.

Transfers of Project Expenditures

Finding -

The Financial Operating Procedures allow Trustee Agencies to transfer funds between projects up to the cumulative amount of \$25,000 or 10% of the annual spending level for each project whichever is less, without prior Council approval. During our audit we noted several transfers within these limits at Fish and Game. In some instances, the transfers were accomplished by shifting budget authorizations between projects. In other instances, the transfers were made by shifting expenditures from one project to another. The amount of the latter was not significant to any single project. The Financial Operating Procedures do not stipulate whether transfers must be accomplished by shifting project budget authorizations or expenditures. In order to accurately determine the costs of conducting projects, it is important to record all expenditures for projects in separately identifiable categories. When expenditures for one project are shifted to another, it lessens the ability to determine the cost of conducting each project.

Recommendation -

We recommend that the Trustee Agencies execute all transfers of funds between projects by shifting project authorizations, rather than transferring expenditures. In addition, we recommend that the Council modify the Financial Operating Procedures to require this.

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Review of Payroll Disbursements

Finding -

The State's internal control structure provides for Certifying Officers to perform certain review and approval of disbursement transactions. Certifying Officers are appointed by the Commissioner of each department, and certify to the Disbursing Officer that all disbursement transactions are in conformity with accepted policies and practices. Part of this responsibility includes attesting to the appropriateness, propriety and legality of disbursements transactions.

Our procedures for the audits of the restoration projects included selecting and testing a sample of payroll transactions charged to restoration projects. As part of our testing we identified whether the collocation account charged for the payroll transactions was proper. Of the fifteen payroll items tested, two were charged to incorrect restoration project collocation accounts. Further analysis revealed that time and attendance reports prepared by the employees and approved by the supervisor were correctly coded. However, when the information was input into the payroll system, the collocation codes were incorrectly input. These errors were not subsequently identified and corrected by the certifying officer upon certification.

Recommendation -

We recommend that, as part of the certification process, the certifying officer be provided a list of the appropriate collocation codes and employees to be charged to restoration related activity. Certifying officers should use this list to review payroll activity for correct collocation coding for the individual payroll disbursements being processed. We believe this review will help eliminate improper payroll charges based on collocation coding input errors.

Restricting Expenditures After Fiscal Year End

Finding -

AKSAS allows the Finance Officers for each Department to place restrictions on unexpended and unencumbered balances. These restrictions will then bar any expenditures or encumbrances against restoration funding without their approval. Currently, under the State's appropriations process, all restoration project funding approved by the State's Legislative Budget and Audit Committee remains a valid appropriation until the close of the State fiscal year following the close of the Federal fiscal year (i.e. funding from the Council for Federal fiscal 1995 will remain valid until the close of the State's fiscal 1996). Because of the differences in timing for fiscal year ends, the State Trustee Agencies have the ability to continue to expend funds related to the Federal fiscal year for nine months following the end of the Federal fiscal year. As of the date of this letter, the Department of Environmental Conservation (DEC) did not place restrictions on the restoration project authorizations which were unexpended and unencumbered.

Recommendation -

As previously discussed in our comment titled "Require Lapse of Prior Year Project Authorizations" in the General Comments section, we feel that the process for lapsing unexpended and unencumbered restoration project funding should be improved. For the State Trustee Agencies, lapsing of funds must include placing a restriction on unexpended and unencumbered balances after a two to three month "closing" period subsequent to year end. We recommend that these restrictions be put in place.

	Review of Restoration Project Activity
÷	Finding - Our procedures for the audits of the restoration projects included testing a sample of non-payroll transactions charged to restoration projects. As a result of this testing, we identified one case in which a vendor was inadvertently overpaid by the sum of \$10,000 for services provided to DEC for restoration project activity.
	When we reviewed this transaction we found that the overpayment was due to an input error during processing of the invoice.
	Recommendation - DEC has initiated actions to recover the amount overpaid. To reduce the risk that similar transactions occur in the future we recommend that the project manager review, on a monthly basis, all the transactions for each project. This review should be with sufficient care to identify errors such as the item described.
	Timeliness of Contractor Invoicing
	Finding - DEC routinely enters into contracts for services to be provided by outside vendors in relation to restoration project activity. Many of these contracts had significant encumbrances remaining at fiscal year end which were not liquidated as of the end of our fieldwork. As a result, we were unable to observe invoices relating to the close-out of these contracts. It appears that this is principally due to contractors not providing invoices in a timely manner. Timely filing of invoices by vendors is important in order for the project managers to make an adequate and sufficient review of activity related to each fiscal year's restoration projects. Final project invoices should receive the closest attention so that the DEC can ensure that all amounts invoiced are reasonable and proper.
	Recommendation - We recommend that DEC modify contracts for restoration project activity in order to ensure timely invoicing by contractors. Final contract invoices should be reviewed by the project manager with each significant contractor in order to ensure that amounts reflected in the invoice are reasonable and proper.
	Review Prior Year Encumbrances
	Finding - At September 30, 1995, the encumbrance balance reflected in AKSAS for DEC included approximately \$76,664 related to encumbrances made prior to September 30, 1994. It appears that some of these encumbrances should be canceled as they no longer represent valid encumbrances of the State.
	Recommendation - We recommend that DEC review encumbrances outstanding from prior years and cancel those encumbrances no longer valid. This review should be conducted periodically in future periods by DEC's project managers.

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ALASKA DEPARTMENT OF NATURAL RESOURCES
We have no comments with respect to the Alaska Department of Natural Resources.
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UNITED STATES DEPARTMENT OF INTERIOR, FISH AND WILDLIFE SERVICE
Improve Transactions Processing and Reporting
The Federal Financial System (FFS) is the accounting system used to accumulate and record all restoration project expenditures for the Fish and Wildlife Service (FWS). The Federal Financial Center (FFC) in Denver, Colorado, processes all accounting activities for FWS in Anchorage, Alaska. During our testing of FWS's transactions, we noted the following with respect to information provided by the FFS:
Finding - 1. FWS does not have direct access to FFS. All expenditure documentation is forwarded by FWS to the FFS for processing. FFC performs all input and administrative functions with respect to FWS transactions, and generates all reports for use by FWS. Because FWS does not have control over its activities within FFC, the FWS administrative staff must review the detail activity reflected in the FFS reports, and determine that the information is consistent with the information forwarded to the FFC. This creates inefficiencies in reviewing initial FFS reports, reconciling the information presented to the information forwarded to FFC, communicating any corrections to the FFC necessary because of processing errors made by FFC, and verifying that these corrections have been made. As a result, significant time delays occur between when expenditures are incurred and when this information is available for review by FWS. Management, therefore, cannot perform timely reviews of project budgets to actual expenditures.
Recommendation - Through discussions with management, we understand that FWS is working to provide FWS-Anchorage with more control over its accounting function. We recommend that FWS be given more control over its activity within the FFC to eliminate the inefficiencies mentioned and to make the information available from the FFC more useful to management.
Finding- 2. In order for the project managers for FWS to sufficiently monitor the activity on its restoration projects, project expenditure information must be summarized on a monthly and year-to-date basis by project, and within each project by object class (personnel, travel, contractual, commodities, capital outlay, equipment). During our audit we noted that while the FFS reports made available to Anchorage by FFC sorted project activity by project, the reports did not sort the project activity by object class, and did not provide year-to-date information. In order for this information to be available to the project managers, FWS's Anchorage accounting personnel maintained a separate Lotus schedule for each project. All information sent to FFC was input into the Lotus schedules. Monthly, FWS's Anchorage accounting personnel reconciled these schedules with FFC monthly reports on an item-by-item basis. This process was time-consuming and inefficient. In addition, maintaining dual accounting systems was inefficient. When differences were identified between the two reports FWS personnel forwarded information to FFC to adjust the incorrect transactions. During fiscal 1995, we noted that a large number of adjustments were necessary. As a result, FWS accounting personnel dedicated a substantial amount of their time
Recommendation - As mentioned above, we recommend that that FWS be given more control over its activity within the FFC. Until this occurs we recommend that FFC customize the FFS reports to better suit the needs of FWS's accounting

personnel.

U	Segregate and Monitor Expenditure of General Administration
	Finding- Each restoration project budget includes an amount to reimburse the Trustee Agencies for the general administration costs. The policies with respect to general administration are described in the "Improve General Administration Budgeting and Expenditure Controls" comment in the General Comments section. During our audit of FWS we noted that FWS does not account for the amounts expended on general administration separately from direct
	project expenditures. As a result, FWS has no way to identify when the general administration budgets have been fully expended. It is important for FWS to monitor the expenditure of each project's direct project costs and general administration charges separately. In the absence of this control, FWS cannot ensure that restoration projects are charged general administration costs in the correct proportion to direct costs.
	Recommendation -
	We recommend that FWS accounting personnel accumulate and report general administration charges separately from direct project expenditures. Project managers should review month-end reports in order to monitor the expenditure of general administration and direct project expenditures for compliance with budget limits.
	Review of Monthly Activity
	Finding -
J	FWS's accountant responsible for oil spill activities in Anchorage inputs all FWS activities as they occur into the
	Lotus spreadsheets used to monitor project activity. These reports are sorted by project and object class, and are given to the Principal Investigators and the Project Manager for monthly review. The review process focuses on
<u> </u>	identifying coding errors and improper charges to specific projects, and monitoring cumulative project expenditures in relation to the total project budget. The reviews do not, however, focus on variations between the budgeted object classes (personnel, travel, contractual, commodities, etc.) to actual object class expenditures.
J J,	While the Financial Operating Procedures allow Trustee Agencies to modify project budgets between object classes, this review is important to ensure that funds are expended in a manner that is consistent with project authorizations.
ا	Recommendation -
	We recommend that the Principal Investigators' and Project Managers' monthly review include reviewing year-to- date expenditures on an object class basis to ensure that funds are expended in a manner that is consistent with project authorizations.
	Improve Controls Over Payroll
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	Our procedures for the audits of the restoration projects included selecting and testing a sample of payroll transactions charged to restoration projects. These procedures included determining whether payroll transactions were for work performed on the restoration projects charged, whether payroll amounts were properly approved, and whether payroll was paid at properly approved rates. Of the 40 payroll items tested, we identified the
	following:
	Finding-
	1. The time sheets observed did not have a separate signature line for employees. We could not identify whether or not the employee reviewed and approved of the project coding or hours shown on the time sheet.
	Recommendation -
	We recommend that all time sheets have a signature line for employees, and that this line be signed by the employees prior to the supervisor's approval of the time sheet.

2	Finding - Time and attendance is maintained on an exception basis at FWS. In other words, employees are pre-designated to specific restoration projects within the accounting system. This procedure is acceptable for employees whose duties are administrative in nature or who are working on a single restoration project for extended periods of time. However, for employees who may work on several restoration projects during any given period, this may result in these employees' time being inaccurately charged.
	Recommendation - We recommend that employees who may work on several restoration projects during any given period not have a pre-designated restoration project budget code established in the payroll system. For such employees, time should be accurately maintained by project on a daily basis. Employees' time should be recorded daily on time and attendance reports, which should be used for input to the payroll system.
<u>F</u>	Retain Supporting Documentation for Disbursements
C	Our testing of disbursements for the Trustee Agencies' restoration projects included procedures to determine that all disbursements are supported by adequate, reasonable and properly approved documentation. As a result of these procedures, we identified the following:
1	Finding As discussed in our comment titled "Improve Transactions Processing and Reporting" above, FWS frequently must adjust expenditures reported in FFS due to processing errors made by FFC. One payroll charge to a restoration project of 40 tested was for a correction identified by FWS's Anchorage accounting personnel. FWS was unable to provide adequate support for the adjustment since the corrected FFS report did not show detail of the change and since FWS did not retain original documents to support the adjustment.
	Recommendation - We recommend that original support for payroll disbursements be included with any subsequent adjustments.
2	Finding- Three non-payroll disbursements of 40 tested had insufficient original documentation to support the disbursement.
	Recommendation - We recommend that FWS retain appropriate supporting original documentation for non-payroll disbursements for all expenditures charged to restoration projects.
<u>F</u>	Expenditures Made Not In Accordance With Approved Budgets
	Finding - Our testing of payroll and non-payroll disbursements included a comparison of disbursements with approved project budgets to determine whether charges to the projects were consistent with the intent and need of the projects. As a result of this testing we noted the following:
·	• Project 95163B included a budget of \$1,300 for commodities, which included scientific supplies, rain gear for three people, duplication costs and office supplies. The actual amount expended was \$8,603 for commodities, or \$7,303 in excess of the budget for commodities. The excess is principally due to one transaction in September of 1995 for \$6,920.29 for fieldwork supplies (tents, boat trailer tires, etc.). Management at FWS stated that these supplies were replacement costs for supplies used during the fiscal year, but not relating directly to the fiscal 1995 requirements for this project.

	by reducing future repair costs, this expenditure was not directly related to conducting this project. The Financial Operating Procedures require that project expenditures be made only for items which directly				
the restoration	the restoration project charged.				
	Recommendation- We recommend that project expenditures be made only for items directly benefiting the restoration project characteristics.				

UNITED STATES DEPARTMENT OF INTERIOR, NATIONAL BIOLOGICAL SERVICE **Improve Transactions Processing and Reporting** The Federal Financial System (FFS) is the accounting system used to accumulate and record all restoration project expenditures for the National Biological Service (NBS). The Federal Financial Center (FFC) in Denver, Colorado, processes all accounting activities for NBS in Anchorage, Alaska. During our testing of NBS's transactions, we noted the following with respect to information provided by the FFS: Finding -1. NBS does not have direct access to FFS. All expenditure documentation is forwarded by NBS to the FFS for processing. FFC performs all input and administrative functions with respect to NBS transactions, and generates all reports for use by NBS. Because NBS does not have control over its activities within FFC, the NBS administrative staff must review the detail activity reflected in the FFS reports, and determine that the information is consistent with the information forwarded to the FFC. This creates inefficiencies in reviewing initial FFS reports, reconciling the information presented to the information forwarded to FFC, communicating any corrections to the FFC, and verifying that these corrections have been made. As a result, significant time delays occur between when expenditures are incurred and when this information is available for review by NBS. Management, therefore, cannot rely on the FFC reports to perform timely reviews of project budgets to actual expenditures. Recommendation -Through discussions with management, we understand that NBS is working to provide NBS-Anchorage with more control over its accounting function. We recommend that NBS be given more control over its activity within the FFC to eliminate the inefficiencies mentioned and to make the information available from the FFC more useful to management. Finding-2. In order for the project managers for NBS to sufficiently monitor the activity on its restoration projects, project expenditure information must be summarized on a monthly and year-to-date basis by project, and within each project by object class (personnel, travel, contractual, commodities, capital outlay, equipment). During our audit we noted that the FFS reports made available to Anchorage by FFC sorted project activity by project or by object class, but not by object class within each project. The reports also did not provide year-to-date information. In order for object class information to be available to the project managers by project, NBS's Anchorage accounting personnel maintained a separate Lotus schedule for each project. All information sent to FFC was input into the Lotus schedules. Monthly, NBS's Anchorage accounting personnel reconciled these schedules with FFC monthly reports on an item-by-item basis. This process was time-consuming and inefficient. In addition, maintaining dual accounting systems was inefficient. When differences were identified between the two reports NBS personnel forwarded information to FFC to adjust the incorrect transactions. During fiscal 1995, we noted that a large number of adjustments were necessary. As a result, NBS accounting personnel dedicated a substantial amount of their time to these adjustments. Recommendation -

As mentioned above, we recommend that that NBS be given more control over its activity within the FFC. Until this occurs we recommend that FFC customize the FFS reports to better suit the needs of NBS's accounting personnel.

	Segregate and Monitor Expenditure of General Administration
	Finding- Each restoration project budget includes an amount to reimburse the Trustee Agencies for the general administration costs. The policies with respect to general administration are described in the "Improve General Administration
	Budgeting and Expenditure Controls" comment in the General Comments section. During our audit of NBS we noted that NBS does not account for the amounts expended on general administration separately from direct project expenditures. As a result, NBS's project managers have no way to identify when the general administration budgets have been fully expended. It is important for NBS to monitor the expenditure of each
	project's direct project costs and general administration charges separately. In the absence of this control, NBS cannot ensure that restoration projects are charged general administration costs in the correct proportion to direct costs.
	Recommendation - We recommend that NBS accounting personnel accumulate and report general administration charges separately from direct project expenditures. Project managers should review month-end reports in order to monitor the expenditure of general administration and direct project expenditures for compliance with budget limits.
	Review of Monthly Activity
	Finding - NBS's accountant responsible for oil spill activities in Anchorage inputs all NBS activities as they occur into the Lotus spreadsheets used to monitor project activity. These reports are sorted by project and object class, and are given to the Principal Investigators and the Project Manager for monthly review. The review process focuses on identifying coding errors and improper charges to specific projects, and monitoring cumulative project
	expenditures in relation to the total project budget. The reviews do not, however, focus on variations between the budgeted object classes (personnel, travel, contractual, commodities, etc.) to actual object class expenditures. While the Financial Operating Procedures allow Trustee Agencies to modify project budgets between object classes, this review is important funds to ensure that funds are expended in a manner that is consistent with project authorizations.
	Recommendation - We recommend that the Principal Investigators' and Project Manager's monthly review include reviewing year-to- date expenditures on an object class basis to ensure that funds are expended in a manner that is consistent with project authorizations.
	Improve Controls Over Payroll
	Our procedures for the audits of the restoration projects included selecting and testing a sample of payroll transactions charged to restoration projects. These procedures included determining whether payroll transactions were for work performed on the restoration projects charged, whether payroll amounts were properly approved, and whether payroll was paid at properly approved rates. Of the 19 payroll items tested, we identified the following:
[] []	Finding- 1. The time sheets observed did not have a separate signature line for employees. We could not identify whether or not the employee reviewed and approved of the project coding or hours shown on the time sheet.
	Recommendation - We recommend that all time sheets have a signature line for employees, and that this line be signed by the employees prior to the supervisor's approval of the time sheet.

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Time diamen	
Finding	

2. Time and attendance is maintained on an exception basis at NBS. In other words, employees are pre-designated to specific restoration projects within the accounting system. This procedure is acceptable for employees whose duties are administrative in nature or who are working on a single restoration project for extended periods of time. However, for employees who may work on several restoration projects during any given period, this may result in these employees' time being inaccurately charged. We noted three time sheets out of a total of 19 tested that had incorrect project coding or charging in the resultant financial reports.

Recommendation -

We recommend that employees who may work on several restoration projects during any given period not have a pre-designated restoration project budget code established in the payroll system. For such employees, time should be accurately maintained by project on a daily basis. Employees' time should be recorded daily on time and attendance reports, which should be used for input to the payroll system.

Improve Controls Over Expenditures

Finding-

Our procedures for the audits of the restoration projects included selecting and testing a sample of non-payroll transactions charged to restoration projects. These procedures included determining whether these transactions related to the restoration projects charged, whether the amounts were properly approved, and whether the transactions were properly coded as to project and object class. Of the 25 non-payroll items tested, we identified the following:

- Expenditures for similar supplies and equipment items were inconsistently coded to the supplies and equipment object classes.
- Project management costs were not charged to the restoration projects based on actual work performed by
 the project manager. The project manager for NBS also performed direct scientific work on some of the
 Agency's projects. However, project management costs were charged to restoration projects by coding all
 personnel costs for the project manager to restoration projects until the project management budgets were
 fully expended, without regard to work efforts.

Recommendation-

We recommend that all NBS staff responsible for coding expenditures to restoration project expenditures receive direction as to proper coding of items purchased. We also recommend that expenditures associated with project management be charged to restoration projects based on actual work efforts of the project managers. This should be accomplished through accurate recording of time worked on the employees' time and attendance forms.

UNITED STATES DEPARTMENT OF INTERIOR, NATIONAL PARK SERVICE
We have no comments with respect to the United States Department of Interior, National Park Service.
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UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION Improve Implementation of Accounting System

The National Marine Fisheries Service's Budget Tracking System ("BTS") is the accounting system used to accumulate and record all restoration project expenditures for National Marine Fisheries Service (NMFS)/Auke Bay Fisheries Laboratory (ABL) projects. During our testing of ABL's transactions, we noted the following with respect to the information provided by BTS:

Finding -

1. ABL does not have direct access to BTS. All expenditure documentation is forwarded by ABL to NMFS's Western Administrative Service Center (WASC) in Seattle for processing. WASC performs all input and administrative functions with respect to BTS transactions, and generates all reports for use by ABL. Because ABL does not have control over its activities within BTS, the ABL administrative staff must review the detail activity reflected in BTS, and determine that the information is consistent with the information forwarded to WASC. This creates inefficiencies in reviewing initial BTS reports, reconciling the information presented to the information forwarded to BTS, communicating any corrections to WASC, and verifying that these corrections have been made. As a result, significant time delays occur between when expenditures are incurred and when this information is available for review by ABL. Management, therefore, cannot perform timely reviews of project budgets to actual expenditures.

Recommendation -

Through discussions with management, we understand that the Agency is working to provide Juneau with more control over its accounting function. We recommend that ABL be given control over its activity within BTS to eliminate the inefficiencies mentioned and to make the information available from BTS more useful to management.

Finding -

2. BTS has the capacity for management to establish budget amounts by object class for each restoration project. During 1995, ABL established budgets for each of its restoration projects within BTS. The budgets established tied, in total, to the direct project budgets approved by the Council. However, the budgets for each object class did not. If correct object-code budgets were established for each project, management could better monitor the performance of the projects with respect to their budgets.

Recommendation -

We recommend that each project budget be established within BTS as described, and that management use this information as a tool to monitor the projects with respect to budget.

Overhead Allocation to Auke Bay Fisheries Laboratory

Finding -

The oil spill Liaison for NMFS receives all restoration project authorizations from NRDA&R. The Liaison is then responsible for transferring the amounts authorized for ABL's restoration projects to ABL. At the beginning of fiscal 1995, the Liaison transferred direct project budgets to ABL but retained the component of the project authorizations relating to the general administration. General administration funding was not made available to ABL for expenditure until the last quarter of the fiscal year. However, ABL incurred costs related to administration and overhead throughout the year. The purpose of the general administration budget is to reimburse the Agencies for the costs of administering their projects and their overhead. The manner in which the general administration budget was made available to ABL created confusion as to the allocation of the

	project budgets between direct and general administration. This weakened ABL's ability to effectively plan for project execution.
	Recommendation - We recommend that the Liaison transfer authorized amounts associated with general administration to ABL with the direct project budgets upon disbursement from NRDA&R. The Liaison should clearly communicate the amount
	authorized for direct project costs versus general administrative costs.
	Improve Project Expenditure Control
	Finding - Each Trustee Agency is responsible for developing budgets for each restoration project proposed. These budgets are integrated into the review and approval process used by the Council in determining which projects will be approved and incorporated in the annual Work Plan. The Financial Operating Procedures permit Agencies to modify these budgets to accommodate circumstances encountered during budget implementation. However, we
	noted that, for all of the projects conducted by the ABL, extensive shifting occurred of direct project budgets to items that were administrative in nature or were otherwise not contemplated in the project budgets approved by the Council. We noted that of the \$1,770,900 authorized for projects to be conducted by ABL, \$220,244 was expended for indirect and administrative costs out of direct project authorized amounts. These expenditures,
	which included payroll, commodities and contractual expenditures, were not made under the general administration budget allowed for each project, but from the projects' direct budgets.
	Recommendation - We recommend that expenditures which are administrative in nature, or do not directly benefit the purpose of the project, be paid for through the general administration budget available for each project, or the project management budget.
	Transfers of Project Expenditures
<u> </u>	Finding - The Financial Operating Procedures allow Trustee Agencies to transfer funds between projects up to the cumulative
	amount of \$25,000 or 10% of the annual spending level for each project whichever is less, without prior Council approval. During our audit of ABL we noted numerous transfers that were made by shifting expenditures from one project to another. Because of these transfers, we were unable to determine whether the expenditures shifted
	were within the threshold allowed by the Financial Operating Procedures. ABL performed a review of the detail activity reflected at year-end for each project and executed adjustments totaling \$75,166 between projects in order to reflect all expenditures in their proper projects. The Schedules of Expenditures - Budget and Actual for
	NOAA include these adjustments.
	The Financial Operating Procedures do not stipulate if transfers must be accomplished by shifting project budget authorizations or expenditures. In order to accurately determine the costs of conducting projects, it is important to record all expenditures for projects in separately identifiable categories. When expenditures for one project are shifted to another, it lessens the ability to determine the cost of conducting each project.
	Recommendation - We recommend that the Trustee Agencies execute all transfers of funds between projects by shifting project authorizations, rather than transferring expenditures. In addition, we recommend that the Council modify the
	Financial Operating Procedures to require this.
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Improve Controls Over Payroll
Our procedures for the audits of the restoration projects included selecting and testing a sample of payroll transactions charged to restoration projects. These procedures included determining whether payroll transactions were for work performed on the restoration projects charged, whether payroll amounts were properly approved, and whether payroll was paid at properly approved rates. Of the 50 payroll items tested, we identified the
following:
Finding - 1. Approximately forty-five percent of the annual salary for the Regional Office's budget analyst was charged to the general administration budget authorized for NOAA's fiscal 1995 restoration projects. This occurred because, for nine pay periods early in the fiscal year, all of the employee's time was incorrectly predesignated to restoration accounts, even though the employee was not working entirely on restoration project activity. The amount that should have been applied to non-restoration activity is undetermined.
Recommendation -
We recommend the oil spill Liaison review monthly accounting reports to identify errors such as this, and that adjustments be made when such errors occur.
Finding - 2. Time and attendance is maintained on an exception basis at ABL. In other words, employees are predesignated to specific restoration projects within the accounting system. This procedure is acceptable for employees whose
duties are administrative in nature or who are working on a single restoration project for extended periods of time. However, for employees who may work on several restoration projects during any given period, this may result in these employees' time being inaccurately charged.
Recommendation - We recommend that employees who may work on several restoration projects during any given period not have a predesignated restoration project budget codes established in the payroll system. For such employees, time
should be accurately maintained by project on a daily basis. Employees' time should be recorded on Time and Attendance Reports, which should be used for input to the payroll system.
Contract Extension Beyond Fiscal Year-End
Finding - During fiscal 1995, ABL entered into a contract for services to obtain food preparation and housekeeping at a
remote site. The contract was approved and executed properly. However, on September 21, 1995, ABL entered into a contract extension through October 15, 1995 in the amount of \$4,500. ABL was subsequently invoiced for work performed in fiscal 1996 and paid the invoice from 1995 project authorizations. The Council authorized project funding for this project (#95074) for fiscal 1995.

We recommend that expenditures for approved projects be limited to the authorized fiscal year. Any projects that require funding past the end of a fiscal year should be forwarded to the Council for review and approval.

Recommendation -

UNITED STATES DEPARTMENT OF AGRICULTURE, UNITED STATES FOREST SERVICE Review of Monthly Activity Finding The financial system for the United States Department of Agriculture, United States Forest Service (USFS) provides monthly "Project Manager Statements" which summarize restoration activity by major object class (personnel, travel, contractual, etc.). The financial system also provides "Monthly Transaction Registers" which reflect detail of expenditures and obligations for each project. Currently, the Budget Analyst for oil spill activities in the Regional Office reviews the Monthly Transaction Registers for the projects conducted through the Regional Office. This review focuses on whether the detail activity appears to be reasonable and proper. Any questions with respect to this review are advanced to the Project Manager in the Regional Office for further review. A review of the Project Manager Statements is not, however, performed. Recommendation We recommend that the Project Manager review Project Manager Statements for each restoration project on a monthly basis. This should include reviewing year-to-date expenditures with respect to the project budgets to determine whether amounts shown are reasonable and within the budgeted amounts for the projects.

Carry Forward Prior Year Authorizations

Finding -

During fiscal 1995, the USFS incurred \$1,107,986 for contractual services related to project #95126 - "Habitat Protection and Acquisition Support", while the 1995 budget for this line-item was only \$548,850. The over-expenditures were incurred because Council authorizations made in fiscal 1994 for 1995 activity were not carried forward and included as part of the 1995 budget. As a result, the 1995 project budget was improperly understated.

Recommendation -

We recommend that all Council authorizations approved in one fiscal year, which are to be made available to the Agencies and expended in the subsequent fiscal year, be included in the budgets for the subsequent year.

9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

February 1, 1996

Ms. Molly McCammon
Executive Director
Exxon Valdez Oil Spill Trustee Council
P.O. Box 20122
Juneau, Alaska 99802

As you know, during the week of December 11, 1995 George Elgee and I traveled to Washington D.C. and Houston, Texas. The purpose of our trip to Washington D.C. was to meet with representatives of the Department of the Interior regarding the procedures used to administer the U.S. Natural Resources Damage Assessment and Restoration Fund. The purpose of the Houston, Texas trip was to meet with representatives of the Court Clerk of U.S. District Court for the Southern District of Texas, which administers the Court Registry Investment System (CRIS), and the contractor which provides investment services for CRIS, Texas Commerce Bank (TCB).

During an audit, it is customary for auditors to report to management matters that may come to our attention which represent opportunities for strengthening internal controls and operating efficiency. Usually, these matters are conveyed to management subsequent to the completion of the audit. However, two matters which were discussed during our trip warrant immediate attention. The following provides a background and our recommendations with respect to these matters.

1. Registry Fees

The United States of America (United States) and the State of Alaska (State) entered into a Memorandum of Agreement and Consent Decree (MOA) on August 28, 1991. The MOA was made to maximize the funds available for restoration of natural resources and to resolve their claims against one another relating to the T/V Exxon Valdez Oil Spill (Oil Spill). Pursuant to the MOA and court order, payments pursuant to the Agreement and Consent Decree (Agreement) with Exxon are deposited with CRIS. Upon unanimous consent of the Trustee Council, funds are transferred from CRIS to the United States and the State to be spent in accordance with the MOA.

CRIS invests amounts not yet transferred in obligations of the United States. These investments are generally U.S. T-Bills with maturities of less than 100 days. Interest earnings on these investments are reinvested by CRIS until transferred in accordance with the MOA. CRIS has prepared a "Participating Court Users Manual" for CRIS which details the structure of and procedures used in administering CRIS.

It is important to recognize that CRIS operates in a manner substantially different from that used by Court Clerks in receiving and holding case-related funds which are not placed with CRIS. The clerk of each federal court is responsible for the safekeeping and management of case-related funds that are periodically deposited with the court. These are known as "court registry funds". The Federal Rules of Civil Procedures require that funds are to be deposited in interest bearing accounts or invested in interest bearing instruments. The regulations further require that if funds are deposited into commercial banks and are in excess of federal deposit insurance levels, the bank must provide collateral. Acceptable collateral means U.S. Treasury securities or other obligations guaranteed by designated government agencies. By pledging these securities a commercial bank tells the Federal Reserve to set aside, in the name of the court, Treasury securities which the bank owns while the registry funds are on deposit in the bank. Posting collateral imposes a cost on a commercial bank in terms of both administrative time and forgone revenue. Thus the bank will normally reduce the interest it is willing to pay on deposited funds that require collateral. Under this procedure, the court clerk also spends significant time tracking depository assets and monitoring bank collateral. For this reason, the clerk charges a "registry fee" on assets held by the court. The registry fees charged by clerks is set forth in the Federal Register (Volume 56, No. 213, Monday November 4, 1991). Registry fees rates are ten percent of earnings on case-related registry deposits less than \$100 million. The rate declines on deposits in excess of \$100 million and when deposits are held for more than five years.

CRIS resolves the inefficiencies outlined above. As court registry funds are received by the Court Clerk of the U.S. District Court for the Southern District of Texas they are invested in U.S. T-Bills in the name of CRIS. Because of this, there is no need for collateral as described above. In addition, all accounting for CRIS related assets is performed by the bank contractor, TCB. As a result, the administrative time to the Court Clerk is significantly reduced from that described above. The Financial Administrator for the Court Clerk in Houston stated that CRIS generally generates approximately seventy five percent of all registry fees nation-wide. This case generates approximately ten percent of all CRIS registry fees. CRIS currently maintains hundreds of cases. We do not feel that this case consumes a disproportionate amount of the Court Clerk's time. In fact, a single individual at the Court Clerk in Houston performs substantially all activity related to CRIS. All other administration is performed by TCB.

For its services, TCB charges .025 percent of the cost of securities purchased when trades occur (i.e. when TCB, for example, sells a \$100,000 Treasury Security to CRIS, it charges \$100,025 for the security). This charge for services by TCB is in addition to the registry fee charged by the CRIS. TCB also charges a nominal additional fee to CRIS for investment services. These fees appear reasonable and fairly compensate TCB for its services. However, since the individual deposits made to CRIS by Exxon for this case are each less than \$100 million, the Court Clerk also imposes a registry fee of ten percent on all case-related earnings. We do not feel that the registry fees charged are reasonable given the limited costs to the Court Clerk to maintain CRIS. The following table shows the balances in CRIS for the U.S.A. vs. Exxon case and the registry fees paid each fiscal year since inception. Amounts shown are as of and for the federal fiscal years ending September 30:

		Registry	Balance at
Year		Fees Paid	September
1992	\$	3,189	\$ 24,003,798
1993		273,780	123,833,097
1994		308,160	134,813,760
1995		542,728	117,067,523
	\$_	1,127,857	•

The Court Clerk of the U.S. District Court for the Southern District of Texas is providing a valuable service which allows for higher returns on case-related balances than would otherwise be obtainable. However, the fees charged for this service are clearly disproportionate to the costs incurred by the Court Clerk for this service. We recommend you discuss this with legal counsel to determine what options are available to remedy this issue. Based on discussions with Mr. Michael Milby, the Court Clerk for the U.S. District Court for the Southern District of Texas, it appears that the Court Clerk agrees, and would support a reduction in the registry fee charged.

2. Wire Transfers

Currently, when disbursements are made from the registry funds for this case, the Court Clerk in Houston transfers the appropriate amount to the Court Clerk for the U.S. District Court, District of Alaska in Anchorage. This transfer occurs within the U.S. Treasury system. The Court Clerk in Anchorage then issues checks, as stipulated in the Joint Applications for Disbursement, to the State or Federal governments. Because of the administrative procedures involved, the time lag between when the funds are liquidated in CRIS and when the checks are again reinvested in the interest-bearing trust funds maintained by the State and Federal Governments is at least seven days. During this time lag, the funds are obviously not earning interest. We estimate that during fiscal 1995 the interest lost due to this time lag was at least \$95,000.

Based on discussions with the Court Clerks in Anchorage and Houston, the Anchorage Court Clerk does not have the ability to wire transfer funds. However, the Houston Clerk does. (Apparently the Houston Clerk is one of two or three Court Clerks in the country that has the ability to initiate wire transfers.) It also appears that the Houston Court Clerk could make the wire transfers directly from Houston. The Anchorage Clerk would generate a voucher to initiate the transfer and fax this voucher to Houston prior to the wire transfer being made. In this manner, the Anchorage Court continues to control the disbursement process.

By making this change, we feel that the lag time between liquidation at CRIS and reinvestment in the State or Federal Trust Funds could be reduced to one or two days.

If you would like to discuss these issues further, please don't hesitate to call.

Elge, Relifeld to funk

Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 G Street, Suite 401, Anchorage, Alaska 99501-3451 Phone: (907) 278-8012 Fax: (907) 276-7178



March 1, 1996

Elgee, Rehfeld & Funk, CPAs 9309 Glacier Highway, Suite B-200 Juneau, Alaska 99801

On behalf of the Trustee Council, I am submitting responses to the general comments, the Court Registry Investment System - Joint Trust Account comments and the United States, Natural Resources Damage Assessment and Restoration Fund comments contained in the *Exxon Valdez* Oil Spill Trustee Council, Internal Control and Operating Comments dated January 26, 1996. Specific agency comments are addressed separately by the affected agency.

GENERAL COMMENTS

Recommendation: The Trustee Council modify the Financial Operating Procedures to require that the expenditure of general administration budgets be tied to the expenditure of direct project costs.

Response: We concur that the existing Financial Operating Procedures are silent in regard to actual recovery of general administration expenses and that clarification would be helpful. The Financial Operating Procedures were written in 1992 and are currently being revised. Your proposal to tie the expenditure of indirect costs to actual expenditures of direct costs appears reasonable and will be discussed during this review. It is the opinion of the Trustee agencies that the general administration formula does not adequately reflect the full indirect cost.

Recommendation: The Trustee Council modify the Financial Operating Procedures to require that Agencies calculate the effect of budgetary transfers within single projects on the general administration budget. If the effect is to decrease the net general administration budget, then that amount should not be expended but be used to reduce future transfers to the Trustee Agency. Any increase in the net general administration budget would have to be absorbed within the authorized budget or be bought back to the Council for approval.

Response: We concur that the existing Financial Operating Procedures are silent in regard to the effect of transfers between object classes and the impact any transfers have on the recovery of general administration. As mentioned above, the Financial Operating Procedures are currently being revised. In concept, your recommendation to tie the recovery of indirect costs to actual expenditures of direct costs should alleviate this concern. However, depending on how frequently the recovery for general administration exceeds the amount budgeted (due to shifts in line items) the cost benefit associated with revising Trustee Council authorization could be small and may not exceed the costs of the extra administrative oversight.

Recommendation: During fiscal 1995, completion of reports has been markedly improved. We noted the Council and the Restoration Office have taken steps to ameliorate late reports by tying future project funding to the submission of these reports. We recommend that this policy be followed, and that all Trustee Agencies file project reports in a timely manner.

Response: We concur. The Invitation to Submit Restoration Projects for Federal Fiscal Year 1997 continues the practice of tying the completion of reports to future funding. The Invitation states "Be aware: for projects continuing from FY 96, the FY 97 submission will not be reviewed if the applicable report is not submitted by April 15, 1996 unless other arrangements have been made with the Anchorage Restoration Office."

Recommendation: All financial reports be filed in a timely manner as required by the Financial Operating procedures.

Response: We concur.

Recommendation: The Council amend its Financial Operating Procedures to clarify and specify the procedures for lapsing of restoration project authorizations. These procedures should be uniformly followed by all Federal and State Trustee Agencies. Because certain obligations (encumbrances) against a fiscal year's restoration projects may not become known for some period after the end of the fiscal year, a closing provision should be included in the amended procedures. For example, the Council may want to consider a policy which includes the following steps:

- 1. After September 30 of each fiscal year, no new obligations may be incurred by a Trustee Agency relating to restoration projects of the fiscal year just ended.
- 2. During the months of October, November and December following the end of the fiscal year, the Trustee Agencies will accumulate and record all expenditures and obligations related to restoration projects conducted during the fiscal year just ended.
- 3. By January 15, the Trustee Agencies will prepare final expenditure reports for the Restoration Office which will reflect all expenditures and obligations incurred by the Agencies on restoration projects for the fiscal year. These amounts will then reduce the disbursements from the Joint Trust Account with CRIS to fund future Federal and State projects.
- 4. As soon as practical after January 15, any unexpended or unobligated balances remaining at the Federal Trustee Agencies will be returned to NRDA&R who will confirm the receipt of the funds to the Restoration Office.
- <u>During the months of January through September following the close of the fiscal year just ended, the Federal and State Agencies will accumulate and record additional expenditures against the prior fiscal year's restoration projects. These amounts will then be reported to the Restoration Office for review and a recommendation will be submitted to the Council as to whether these amounts will be reimbursed.</u>

Response: We concur that the Financial Operating Procedures must be modified to address the issue of project lapse. Your recommendation will be used as a starting point in developing a procedure which can be used by all Trustee agencies.

Recommendation: For fiscal 1996, the budget was somewhat consolidated with the Alaska Department of Fish and Game, and Natural Resources, and NOAA administering the Restoration Office's activities. For the reasons described, however, we recommend that the budget be consolidated within one agency, to the extent possible.
Response: To the maximum extent possible, the budget for the Restoration Office will be consolidated in Fiscal Year 1997.
Recommendation: The Council review and modify the equipment procedures identified in the Financial Operating Procedures so the Council can obtain the maximum benefit from the monitoring process. Future equipment purchases may be reduced if an effective equipment management system is implemented which routinely updates and tracks equipment and which provides an inventory of functional equipment purchased with settlement funds.
Response: We concur. As mentioned previously, the Financial Operating Procedures are currently under revision. As you point out, the benefit derived from monitoring items near the \$500 value should be reassessed. In addition, we need to clarify how and when to dispose of equipment which has ceased to function or have value. Finally, the issue of sharing equipment between agencies and ownership of the equipment needs further clarification.
Recommendation: If the Council, or the State, chooses to implement the State Audit Requirement, they may do so. However, restoration funds received by contractors through the state are not automatically subject to the audit requirement. We recommend that the Executive Director of the Restoration Office annually review those contractors receiving restoration funds from the State of Alaska and make a determination whether the State Audit Requirement will be required. In making this determination, the Executive Director would consider whether the Council needs some level of assurance over and above state and federal agency review of expenditure documentation, and the annual audit conducted of the Trust Funds by this firm. If an audit requirement is made, then the contractors could include this cost in their contract to provide restoration project services.
Response: We concur.
COURT REGISTRY INVESTMENT SYSTEM - JOINT TRUST ACCOUNT
Recommendation: That immediate action be initiated to revise the registry fees charged by the Court Registry Investment System (CRIS).
Response: We concur and have requested legal counsel to review the issue of registry fees and determine what options are available to the Trustee Council.
Recommendation: All disbursements from the Joint Account should be accomplished electronically.
Response: We concur and have requested legal counsel to review the issue of electronic transfers and determine what options are available to the Trustee Council.

Recommendation: The Reserve Fund be established at the earliest possible date in order to achieve the objectives of the Council.

Response: We are pleased to report that the long term securities were purchased February 15, 1996.

UNITED STATES, NATURAL RESOURCES DAMAGE ASSESSMENT AND RESTORATION FUND

Recommendation: The Council determine whether it is possible to authorize Agencies' approved restoration projects upon disbursement of funds to NRDA&R from CRIS. By doing so, each Agency would need to account for and record a single authorization each fiscal year. The Council may also want to consider reimbursing the Trustee Agencies for restoration project work performed during the fiscal year rather than advancing the funds to the Trustee Agencies as currently done.

Response: We concur that improvements to the NRDA&R cash disbursement process is required. This includes the number of times an agency must request authorization and the existing method of advancing funds. It should be noted that significant improvements in the transfer process have been accomplished since the initial Court disbursement. However, the recommendation regarding a single authorization is not practicable if the Trustee Council continues to approve projects during the fiscal year.

Recommendation: As in the previous point, we recommend that the Council determine whether it is possible to authorize the Agencies' approved restoration projects upon disbursement of funds to NRDA&R from CRIS, and pending disbursement from NRDA&R. The Council may also want to consider reimbursing the Trustee Agencies for restoration project work performed during the fiscal year rather than advancing the funds to the Trustee Agencies as currently done.

Response: We concur and will follow up to determine how and if a reimbursement process would work. It should be stressed that each federal agency has its own regulations and procedures and should be fully involved in any final decision on the disbursement process.

Recommendation: The Council develop a schedule to be used by all Federal Trustee Agencies to determine the timing of disbursements from NRDA&R. This schedule would reflect the timing of the disbursement of funds by project and fiscal quarter, and would be submitted with the budgets for each project. In preparing the schedule, the Agencies should give consideration as to when the restoration projects will be conducted, and when each project's costs will be incurred. These schedules would then be reviewed by the Restoration Office as part of the current review and approval process for projects.

Response: We concur that more attention should be paid to the cash disbursement process and that written verification should be submitted prior to the disbursement of funds from the NRDA&R. Coordination and review of disbursement timing (cash flow plans) by the Restoration Office could work, possibly as part of the budget approval process, as long as the present disbursement process is not slowed down or a separate micro management system developed. Involvement of the federal agencies is essential.

Recommendation: In order to maintain accountability for settlement proceeds, all amounts transferred from NRDA&R should be approved by unanimous approval of the Council. We recommend that in the future all such transfers be first submitted to the Restoration Office for review and approval by the Council.

Response: Agree with the concept of the recommendation. However, a procedure must be worked out to address the issue of valid obligations which occur after the expiration date for EVOS funds. Neither government should become anti-deficient because of legitimate adjustments to obligations after the expiration date. At the same time, since unobligated balances are subtracted when calculating the amount of funds to withdraw from the Court, we recognize that any return of previously reported unobligated balances does cause a problem and clarification in the Financial Operating Procedures would be helpful.

As for the approximate \$102,000 in expenditures during Fiscal Year 1995 related to restoration projects approved for Fiscal Years 1992, 1993, and 1994, the statement is made in the *Finding* that it is unclear why \$105,000 (an additional \$3,000) was distributed. \$105,000 was distributed because there was uncertainty as to the exact amount of the urgent need. There were insufficient funds distributed to incur all potential obligations for approved restoration projects that were within the limits of their approved budgets. The difference between the \$105,000 and the "approximate" \$102,000 remains unobligated and will be returned to NRDA&R the next time unobligated balances are returned to NRDA&R. It should be noted that this transaction was necessitated by the aggressive practice of the agency returning unneeded funds (in this case an amount much greater than the \$105,000) to NRDA&R for investment prior to final adjustments.

Sincerely,

Molly McCammon Executive Director

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 25526 JUNEAU, AK 99802-5526 PHONE: (907) 465-6141 FAX: (907) 465-2332

<u>MEMORANDUM</u>

TO:

Molly McCammon

Executive Director

Exxon Valdez Oil Spill Trustee Council

FROM:

La Frank Rue

Commissioner

Department of Fish and Game

DATE:

February 27, 1996

SUBJECT:

EVOS Audit

We have reviewed the relevant portions of the Elgee, Rehfield and Funk audit of the Exxon Valdez Oil Spill restoration projects, and appreciate this opportunity to respond. Our response to each of the recommendations relating to the Department of Fish and Game follows.

Recommendation: Timeliness of Contractor Invoicing

We recommend that Fish and Game modify contracts for restoration project activity to require timely invoicing by contractors. Final contract invoices should be reviewed by the project manager with each contractor to ensure that amounts reflected in the invoices are reasonable and proper.

We support this recommendation, but may need some support from the Executive Director's Office in order to implement it in negotiations particularly with UAF. Billing timeliness is an issue which is included in a letter being drafted to UAF concerning all ADF&G RSA's with the university.

Recommendation: Review Prior Year Encumbrances

We recommend that Fish and Game review encumbrances outstanding from prior years and cancel those encumbrances no longer valid. The Department's project managers should conduct this review periodically in future periods. For those RSA's with UAF, Fish and Game should develop an agreement with UAF that sets timetables and processes for canceling all current and future RSA's.

We are taking steps to close out these RSA's and will include phrasing in new RSA's that establishes specific dates by which final billings must be received.

Recommendation: Improperly Approved Travel Authorizations

We recommend that all travel be approved prior to employees trips and that this be evidenced on the Travel Authorization form. Approval should be by an employee's supervisor or some other designee knowledgeable of the restoration project activity.

We concur with this recommendation. The department finance officer issued a memo in early February which clarified the requirements of the State Administrative Manual.

Recommendation: Accurate Reporting of Payroll Activity

We recommend that account coding for employees working on several restoration projects at once not be predesignated within AKPAY. For such employees, time should be accurately maintained by project on a daily basis. Employees' time should be recorded daily on the employees Time and Attendance Reports, which should be used for reporting time to AKPAY.

The department concurs with the recommendation. We realize that the biggest problem with timesheets is with labor distribution to multiple cost objectives without adequate support. The department takes this issue very seriously and recognizes the need to notify employees of correct time reporting practices. The department will emphasize the importance of correct daily time reporting and will continue its efforts to educate employees and supervisors of this requirement.

Recommendation: Transfers of Project Expenditures

We recommend that the Trustee Agencies execute all transfers between projects by shifting project authorizations rather than transferring expenditures. In addition, we recommend that the Council modify the Financial Operating Procedures to require this.

We agree with this recommendation. Biologists and administrative personnel will be advised that, after approval by the Restoration Section program manager, project authorizations must be

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Molly McCammon	3	February 26, 19
adjusted and updated budget spre for each affected project. That is		
Thank you for the opportunity to require additional information, pl		If you have any questions or
cc: Janet Kowalski Kevin Brooks		
Bob Clasby Mary Pete		
Wayne Regelin Joe Sullivan		
Kim Garnero		
		•
		•

State of Alaska Department of Environmental Conservation Division of Spill Prevention and Response February 27, 1996 TO: Molly McCammon Executive Director, Exxon Valdez Trustee Council FROM: DEC Restoration Program Manager Management audit **SUBJECT:** DEC generally concurs with the findings and comments of the audit team, and the response prepared for the Council by you.



United States Department of the Interior

FISH AND WILDLIFE SERVICE

1011 E. Tudor Rd. Anchorage, Alaska 99503-6199

DEC

MAR 6 1996

Ms. Molly McCammon
Executive Director
Exxon Valdez Oil Spill Restoration Office
645 G Street, Suite 401
Anchorage, Alaska 99501



EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

Dear Ms. McCammon:

We have reviewed the draft audit documents entitled "Exxon Valdez Oil Spill Trustee Council Trust Funds Financial Statements and Supplementary Restoration Projects Information" and "Internal Control and Operating Comments." We provide the following specific agency comments for each of these documents below.

Trust Funds Financial Statements and Supplementary Restoration Projects Information

Page 6, Statement of Receipts, Disbursements and Changes in Trust Fund Balance: The auditors have \$204,485 earmarked for return to NRDA&R. This amount appears to reflect transactions made through December 31, 1995. In the past we have used September 30 as a cut off date for return amounts. This is the first fiscal year we are allowed to keep our carryover. I believe the control schedule will be based on Fish and Wildlife Service keeping fiscal year 1995 carryover for one year. Prior to this year we had returned all carryover as of September 30, with some being returned to us in the next fiscal year to cover valid undelivered orders, corrections, and payroll for project report writing which is authorized through March 31, 1996, by project proposal.

Page 15, Project Approval: The Fish and Wildlife Service greatly appreciates the Council's and Executive Director's continuing efforts to consolidate the review and approval process in order to make fiscal year funds available to the agencies on October 1. Receiving funds on October 1 would be critical in resolving the majority of the findings and recommendations made by the auditors in this report.

Page 102, Single Project Budget Transfers: The current Financial Operating Procedures allow transfers between object class. Specifically, the procedure states: "allow Trustee Agencies to transfer, within a single project, budgeted funds between object classes (such as personnel, travel and contractual costs), and may change detailed items of expenditure, including specific personnel, to accommodate circumstances encountered during budget implementation." This was designed to accommodate the reality of working in a natural resource system, where predicting

exactly what-will-happen-when is impossible. We would recommend that this continue to be allowed.
Internal Control and Operating Comments
Page 18, Improve Transactions Processing and Reporting #2: We would agree with this recommendation and have been working with the FFC for about 2 years now to get a special NRDA project report. We have been promised a first run of this report by March 31, 1996. However, the initial design of this report did not include the need for data by object class. Through, our past experience with the FFS and the FFC, creating another new report which would include object class data could take up to 2 more years. We will continue to work with the FFC to improve project cost tracking, however, breaking out object class data at this time would require additional staff time that is currently unavailable.
Page 19, Segregate and Monitor Expenditures of General Administration: Although we understand the rationale behind this recommendation, the Service does not concur with it. At this time, implementation would rely on internal "cuff records" and we do not have the staff available to accomplish this task. It would require changes to the current FFS system in order to reduce the additional staff time.
Page 19, Review of Monthly Activity: At the present time, Object Class reports from the FFC are not available to budget personnel and the Project Investigators. This would require coordination with the FFC and changes in the current reporting procedures before this information could be made available. We will continue to explore the possibilities with the FFC.
Page 19, Improve Controls Over Payroll #1: We do not concur with this recommendation. Supervisory personnel are required by Service policy to sign Time and Attendance reports and are responsible for accuracy of lost reporting. New procedures scheduled for implementation in FY 1996 will have time cards input electronically by local personnel. This plus timely receipt of funds, should reduce problems. The only way we could meet this requirement would be to keep a separate time sheet and this would entail additional staff time and GA funds to process.
Page 20, Improve Controls Over Payroll #2: Do not concur with recommendation. Predesignated project codes on the time sheet help cut down errors and redistributions. There are provisions and procedures in the Time and Attendance manual for establishment of these codes. Employees are not responsible for preparation and maintenance of the official Time and Attendance Reports; they report their time to the timekeeper. Creating a separate time sheet for an individual employee to maintain would be cumbersome and inefficient. Budgets are created and negotiated with this in mind and project time is accounted for on this basis. In addition, many employees associated with projects are in the field and unavailable to sign or

code time cards during the field season. The Service must rely on pre-printed time cards and a redistribution/correction process to ensure employees are paid in a timely fashion.

The Service is open to working with the Executive Director's staff in improving cost efficiencies whenever possible. Please continue to include our agency staff when discussing changes to the current Financial Operating Procedures so that we may continue to effectively manage our EVOS projects. If you have any questions regarding these comments, please contact Catherine Berg in Environmental Contaminants at 786-3598. Thank you for the opportunity to comment.

Sincerely,

Acting Regional Director

Roberthorson



United States Department of the Interior

NATIONAL BIOLOGICAL SERVICE Washington, DC 20240

February 28, 1996

MEMORANDUM

To:

From:

Tom Thompson, Budget and Finance Officer

Review of Description Review of Draft Exxon Valdez Oil Spill Audit

Attached is the NBS response to the draft audit report for the Exxon Valdez Oil Spill Trustee Council.

Attachment

UNITED STATES DEPARTMENT OF THE INTERIOR NATIONAL BIOLOGICAL SERVICE

Improve Transactions Processing and Reporting

Recommendation: Through discussions with management, we understand that NBS is working to provide NBS-Anchorage with more control over its accounting function. We recommend that NBS be given more control over its activity within the FFC to eliminate the inefficiencies mentioned and to make the information available from the FFC more useful to management.

Response: Concur with the recommendation. The NBS has received greater control with the establishment of a separate NBS application under FFS. The NBS/Alaska Science Center inputs all obligations and enters payments up to \$2,500; however, reconciliation with FFS reports is conducted on a monthly basis and is a cumbersome line-by-line process. We are currently working to obtain and implement the Program Office Desktop offered through the Washington Administrative Services Center (WASC) by American Management Systems. This new product will automate the reconciliation process and offer on-line access to information which will be a great improvement for NBS financial management.

Recommendation: As mentioned above, we recommend that the NBS be given more control over its activity within the FFC. Until this occurs we recommend that FFC customize the FFS reports to better suit the needs of NBS's accounting personnel.

Response: Concur with the recommendation. NBS Finance is working on producing a report by project for NRDA funding. Until this report is finalized, a file has been developed to show object class information by project.

Segregate and Monitor Expenditure of General Administration

Recommendation: We recommend that NBS accounting personnel accumulate and report general administration charges separately from direct project expenditures. Project managers should review month-end reports in order to monitor the expenditure of general administration and direct project expenditures for compliance with budget limits.

Response: Concur with the recommendation. The NBS/Alaska Science Center will incorporate a general administration tracking system to monitor the expenditure of administrative charges.

Review of Monthly Activity

Recommendation: We recommend that the Principal Investigators' and Project Manager's monthly review include reviewing year-to-date expenditures on an object class basis to ensure that funds are expended in a manner that is consistent with project authorizations.

Response: Concur with recommendation. Using the NBS/Alaska Science Center's internal budget tracking program, Project Manager's will receive monthly reports to verify obligations, expenditures and object class.

Improve Controls over Payroll

Recommendation: We recommend that all time sheets have a signature line for employees, and that this line be signed by the employees prior to the supervisor's approval of the time sheet.

Response: We do not concur with this recommendation. The Project Managers provide timesheet information to the timekeeper and to the Budget Assistant who double checks all accounting information prior to submitting the timesheets to the FWS Regional Office for input into FFS. The majority of errors occurred through data entry errors at the FWS Regional Office but were corrected by the Budget Assistant through the redistribution (RDS) process.

Recommendation: We recommend that employees who may work on several restoration projects during any given period not have a pre-designated restoration budget code established in the payroll system. For such employees, time should be accurately maintained by project on a daily basis. Employees' time should be recorded daily on time and attendance reports, which should be used for input to the payroll system.

Response: Nonconcur with recommendation. We believe that the recommendation is unworkable and cumbersome. NBS believes that research funds should be treated as any other competitive grant or award that the agency receives. Budgets are submitted for work to be conducted, funds negotiated, and an award made by the Trustees. It is during that process that reasonableness of costs should be evaluated. Our scientists and managers, as do those in the university environment, work on a wide range of activities simultaneously. Rarely can we separate out every moment spent on each separate activity.

Improve Controls Over Expenditures

Recommendation: We recommend that all NBS staff responsible for coding expenditures to restoration project expenditures receive direction as to proper coding of items purchased. We also recommend that expenditures associated with project management be charged to restoration projects based on actual work efforts of the project managers. This should be accomplished through accurate recording of time worked on the employee's time and attendance forms.

Response: Concur with recommendation. The Trustees were charged for work that was completed. In other words, the Trustees receive 5 pay periods of work over the course of the year if that is what they agreed to fund. If the Trustees do not feel they have received a product that justifies the cost, it is at that point discussions should be held. In addition, projects undergo routine review, offering ample opportunity for the Trustees to determine if they are getting products that warrant requested costs. As above, employees do in fact work time required to produce the negotiated product and fulfill contractual obligations with the Trustees. Handling time as recommended will be cumbersome and add significant cost to the Trustees.



UNITED STATES DEPARTMENT OF COMMERCE National Oceanic and Atmospheric Administration

National Marine Fisheries Service P.O. Box 21668 Juneau, Alaska 99802-1668

February 15, 1996

Molly McCammon EVOS Restoration Office 645 G St, Suite 401 Anchorage, AK 99501-3451

Dear Molly,

We appreciate this opportunity to provide further comment on the Draft Audit Report. Enclosed are comments on the agency specific section pertaining to NOAA in the Draft Audit Report.

Steve Pennoyer

Sincerely

Regional Director

Enclosure



NOAA COMMENTS OF THE DRAFT AUDIT REPORT

Pages 26 through 29 of the Draft Audit Report offer comments specific to the National Oceanic and Atmospheric Administration. We make the following response.

Improve Implementation of Accounting System

Finding/Recommendation 1. We concur with the recommendation. NMFS is currently implementing a new accounting system, Financial Reporting System (FRS). While this new system is on line, and NOAA will have the ability to interactively enter obligations, there are shake-down problems with its implementation. During this year, the BTS will continue to be available to ABL but on the same basis as it always has, and outlined under the recommendation.

Finding/Recommendation 2.

We appreciate the audit findings. We must emphasize however, that during the time between a projects budget being originally proposed (April) and the actual enabling of the budget (FOPs = Financial Operating Plans) which often may not occur until March of the following year, object class spending may be changed to reflect the actual methods for accomplishing project goals. This is recognized as being necessary by the current Financial Operating Procedures of the Trustee Council, which allows for redistribution of funds between object classes as necessary. The amounts distributed (FOP'd) among object classes in March more closely mirror the actual and anticipated spending patterns. The actual FOP's provide this update, and this is what management uses to monitor the progress of the projects.

Research, particularly field research, is not a standard piece of effort that is replicated each time. Every effort has different objectives, and the logistics (weather, biological responses) are rarely as expected. Our principal investigators need flexibility to complete quality scientific projects, particularly field projects where the greatest variables occur in the last quarter of the fiscal year, when most field activities are peaking. Project leaders are required to keep the project costs within the original budget, which we consider a "contract", but they need management and fiscal flexibility to complete the effort. Within this flexibility, we concur completely with the utility of this information as a tool for management of project budgets.

Overhead Allocation to Auke Bay Laboratory

We concur with the recommendation. Although this practice was actually initiated in FY95, it is now in full effect.

Improve Project Expenditure Control

We concur. Independent of and prior to the audit, we had already established and implemented the recommended change.

Transfers of Project Expenditures

We concur that these adjustments should be made to the authorizations, not to the expenditures. Transfers between projects should precede obligation of funds beyond a projects original budget. While our highest goal is to not overspend the authorized funds of each project, some of our best estimates on funding requirements (from proposals made a year earlier) are deficient during the fourth quarter, when spending on field projects is greatest, and the conflicts of estimates and reality meet. We strive to comply with Trustee guidelines for prior authorization of fund transfer between projects with proper documentation. We will resort to adjustments between projects expenditures, only when it becomes necessary to correct year-end balances.

Improve Controls Over Payroll

Finding/Recommendation 1. We concur. This was a time keeping error that was overlooked. The correct percentage stated should be thirty-five percent, however (9/26 pay periods). The actual per cent budgeted is twenty-five per cent.

Finding/Recommendation 2. We can not agree. This is a cost ineffective approach to time keeping. Predesignation of employees to specific projects is good planning and management, and absolutely necessary for fiscal accounting projections. We determine these distributions of duties when we prepare the budgets, and make adjustments at the beginning of the fiscal year and later as necessary. We then charge employee time according to these distributions. Work on multiple tasks as defined above actually affects a very small percentage of employees.

Project designation on a daily basis is not part of NOAA's Time and Attendance procedures. At ABL, to do this on a detailed, daily basis would involve actions of at least 4 different personnel, and ABL does not have the staffing to do this. ABL will review the records of those few employees affected and make adjustments to reflect changes in project activity when and if necessary for FY 96.

Contract Extension Beyond Fiscal Year-End

The above did happen. This practice is within mandated Federal procurement procedures and ABL adheres to these procedures. In fact, when the need is anticipated for performance to continue into a new fiscal year, and funds are available, sound fiscal management under Federal guidelines requires procedures as outlined above and are, indeed, encouraged. The Council has already allowed procurement of items and services in accordance with Federal and State Agency procurement practices. This recommendation should be reconsidered as applied to continuation projects. It is contrary to Federal procurement regulations and may be against the Trustee Council's best fiscal interests.



United States Department of Agriculture Forest Service Alaska Region

P.O. Box 21628 Juneau, AK 99802-1628

File Code: 1590/1440

Date: February 28, 1996

Molly McCammon, Executive Director EVOS Restoration Program 645 G Street, Suite 401 Anchorage, AK 99501-3451

Dear Ms. McCammon:

We have reviewed the draft audit documents submitted by Elgee, Rehfeld and Funk dated January 26 and have the following comments that specifically references Forest Service budget activites:

1. Interagency Transfers of General Administration Costs, page 3.

Finding: The GA associated with the \$80,000 transfer from the Forest Service to the State of Alaska for project 95126 was an oversight on our part, although we are not certain of how the total GA figure of \$3,580 was arrived at by the auditors.

2. Review of Monthly Activity, page 30.

Finding: The document states, "A review of the Project Manager Statements is not, however, performed." This is in error. The budget analyst for oil spill activities does review the monthly project manager statements.

We would like to commend the audit team for a good job, inspite of such obstacles as government furloughs. They have identified budgetary areas where the Trustee Agencies can do a better job of financial management and suggested new approaches to ensure public accountability.

If you have any questions concerning our comments, please call.

Sincerely,

PHIL JANIK

Regional Forester



